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Monograph No. 5

COORDINATOR OF INFORMATION

THE GERMAN NEW ORDER IN EUROPE

The naval blockade and the German exploitation of Europe are producing structural changes in the economic and national life of the peoples of the Continent which will influence the course of the war and create new problems for the peace conference. These changes and the enforced migrations are creating a Europe little known to the United States. This study discusses the most obvious of these changes on the basis of an examination of the German press and that of neutral Switzerland.

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March 2, 1942

Table of Contents

I. The Purpose of the New Order 1
II. Planning the New Order 4
III. Propaganda for the New Order 7
A. For Germans 7
B. Appeal to non-German Europe 7
IV. Economic and Military Self-sufficiency 9
A. Regional and Continental Autarky 9
B. Mechanization and Rationalization 10
C. Totalitarian substitutes for competition . 11
D. Financing the New Order 12
E. Labor and the New Order 12
V. The New Order in Commerce 13
A. The Franco-Belgian model 15
B. The Balkan model 17
VI. German conquest of continental business 21
A. Financial control 21
1. Currency control 21
2. Banking 22
3. Insurance 23
B. The German Cartel system 24
C. Industry 24
VII. The Expansion of Specific German Industries 28
A. Heavy Industry 28
B. Chemical Industry 28
C. Electrical Industry 29
D. Light Metals Industry 30
E. Cellwool 30
F. Oil 31
VIII. European agriculture and the New Order 32
IX. Resettlement and Germanization to erect a "living wall of German men in the East." 39

Appendix

I. *The Purpose of the New Order*

Since the opening of the Russian war Hitler's propaganda strategy has undergone a significant change. The older appeals for "equality of rights" and "living space" had to be thrown out. They have been replaced by a far more dangerous and promising plea--for a New Order. The appeal for a New Order panders to instincts and desires of the German and European masses which cannot be permanently ignored: their yearnings for peace and security. It runs briefly as follows: Great Britain with its balance of power is the real disturber of the peace. The old order, based on British-held balance, has proved rotten--and so have the rival national states, the periodic wars, the artificial economic nationalism and class conflicts which it entails. There is no good reason to desire a return to conditions which offered so little substance and security. The German New Order, however, "promises a united, peaceful Europe, a new age of labor, of national welfare and social justice, and a higher principle of humanity which rises as high as the heavens above the unfruitful materialism of the old order."[1]

Of course, all this is an illusion. Such statements as those cited above, which appear every day in the German-controlled press of the conquered countries, must be contrasted with Hitler's speech of November 9, 1941, which clearly exposes the realities of the New Order:

> "One tells me, Yes, but there is America with 125 million people! But the territory of the Reich together

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[1] K. H. Gerfetz, *Deutsche Zeitung in den Niederlanden*, November 18, 1941.

> with the Protectorate and the Government-General also includes 125 million people. The territory, further, which works for us directly embraces more than 250 million people. In Europe the territory which indirectly works for this war already embraces more than 350 million people. Do not doubt for a moment that we shall succeed in getting the territory we have occupied and now control to work for us to the the last man."

This pronouncement presents clearly the nature of the Nazi motives. The longer the war lasts, the more imperious becomes the German need to employ the productive capacity of the Continent in addition to that of Greater Germany. There is a precise correlation between growing need for the resources of the entire Continent and the growing volume of Nazi propaganda on behalf of the New Order in Europe. The New Order was born of military necessity and its avowed purpose is the mobilization of the production and labor resources of the Continent to support the German war effort.

The nature of German motives explain the fantastic boundaries they fix for Europe. At present Germany lacks that degree of economic self-sufficiency in essential foodstuffs and raw materials which the Nazis call "autarky." The cost of autarky through ersatz production is exhorbitant. The broader and richer Germany's raw material base is, the larger "Europe" is, the lower will be the costs of self-sufficiency. Europe, in this sense, ceases to be a geographic or cultural term and becomes an economic and military concept. At the present moment Nazis include in Europe all those regions which the British-American blockade has forced into the Axis economic orbit, including the entire Continent from Gibraltar to the Urals, together with its natural adjuncts, Siberia and Northern and Central Africa. Until this vast area is actually

conquered, the New Order propaganda is directed merely to the Continent which is still to be won over to collaboration with Greater Germany.

II. *Planning the New Order*

No doubt most of the Nazi plans for the New Order may be quickly dismissed as products of the "lunatic fringe" of the Nazi party. This is notably true of the wilder publications of Haushofer's school of geopolitics, which are taken more seriously abroad than in Germany, and of the frothy metaphysical discussions of Alfred Rosenberg and his band of ideological fanatics. But there is also an abundance of concrete and practical planning being done by ministers of state and responsible public officials, by industrialists and bankers, by technicians and engineering experts, and above all by that type of person--a hybrid between an army officer and an economist--who is playing so significant a role in present Nazi Germany. It would be a fatal error on the part of a belligerent to confine his attention to subversive movements in German-dominated Europe and ignore what these men are saying and doing.

Foremost among Nazi planners is Dr. Walther Funk, Minister of Economics and President of the Reichsbank, whose frequent speeches give, perhaps, the fullest exposition of the New Order. At his beck and call there is a whole array of diplomats, public officials, bankers, and industrialists: State Secretary Paul Körner, Göring's right hand man in the administration of the Four Year Plan and member of the board of directors of several corporations belonging to the Göring Werke; Werner Daitz, chairman of the planning board of the Nazi party and member of the board of directors of at least five important corporations[1]; Carl

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[1]These corporations are: Hochofenwerk Lübeck A. G., Herrenwyk; Lubecker Flender Werke A. G., Lübeck; Hypothekenbank A. G., Lubeck; Maschinen Fabrik Beth A. G., Lübeck; Lübeck and L. Possehl & Company, Lübeck.

Lüer, professor and president of the Chamber of Industry and Commerce of the Rhine-Main region, honorary president of the German-Italian Chamber of Commerce in Frankfurt, member of the board of directors of at least eight large corporations,[1] Kurt Weigelt, director of the Deutsche Band and member of the board of directors of seven important corporations;[2] Wilhelm Zanger, director and chairman of the board of the Mannesmann Iron Works and leader of the *Reichsgruppe Industrie* in the Reich Economic Chamber. To this list must be added the prominent members of the Central European Economic Association *(Mitteleuropäischer Wirtschaftstag)* such as Freiherr von Wilmowsky, and agricultural expert, Dr. Ilgner, an industrialist, and U. von Hassell, an ambassador. This list, which could easily be extended, presents a fair sample of the persons who are planning the New Order and who are responsible for its concrete realization.

These men publish their articles not only in journals especially created to discuss the economic planning of the New Order such as *Zeitschrift fur Raumforschung und Raumordnung, Der Vierjahresplan, Die Deutsche Volkswirtschaft,* but also in the more conservative journals like *Der Deutsche Volkswirt* and the *Wirtschaftsblatt der Handels- u. Industriekammer* in Berlin, or even in the saner newspapers such as the *Bergwerkszeitung, Frankfurter Zeitung, Börsenzeitung* or the *Deutsche Allgemeine Zeitung.*

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[1]These corporations are: Deutsche Gold-und Silberscheideanstalt, Frankfurt; Rhein-Mainischer Garantieverband, Frankfurt; Bodenund Werkstofforschung-G. m. b. H., Frankfurt; Buderus'sche Eisenwerke, Wetzlar: Kontinental Kaoutchuk Company, Hanover: Elektrizitäts A. G., Frankfurt; Nassauische Heimstätte, Frankfurt; Adam Opel A. G., Rüsselheim.

[2]These corporations are: Deutscher Aero-Lloyd, A. G., Berlin; Deutsche Lufthansa Berlin; Kali-Chemie A. G., Berlin; Siemens-Plania Werke A. G. für Kohlenfabrikate, Berlin; Silesia Verein Chemischer Fabriken, Saarau; Vereinigte Dachpappen-Fabriken A. G., Berlin, the New Guineau Company, Berlin.

However fantastic Nazi plans for the New Order may appear to us, the apparatus for putting them into execution already exists not merely in Greater Germany but also in the allied and conquered countries. The entire governmental mechanism of the totalitarian state, the entire organization of business, and the governing agencies of the occupied countries are the executive instruments for the planners of the New Order. The more completely Nazi institutions are reproduced in the conquered territories, the weaker becomes the capacity of the conquered peoples for resistence to Nazi pressure. Everywhere, from Norway to Rumania, Nazi proconsuls or their agents are setting up the framework of the single party state with its controlled economy. They are freezing prices, controlling interest rates and foreign exchange; decreeing wage-stops, and creating labor organizations modeled on the German Labor Front with its prohibition of strikes and compulsory labor laws. They are also organizing business after the manner of the Nazi *Reichwirtschaftskammer*, with its elaborate structure of groups and subgroups in industry, commerce, and finance, in order to subject them more easily to state manipulation and control. These institutions provide the scaffolding of the New Order.

III. *Propaganda for the New Order*

A. *Appeal to Germans.* In keeping with approved Nazi propaganda technique, the New Order promises all things to all men. There is no concern for logical consistency, since the promises are often so contradictory they are mutually exclusive. Always, however, there is a special New Order for each class or sector of German national life. To gullible, idealistic Germans the New Order is presented as a great task, a truly national mission. They are told that Great Britain has always sought and must continue to seek the division of the Continent into rival nationalisms in order to maintain the balance of power, whereas the interests of Germany and the interests of Europe are identical. Only under a disinterested German leadership can a united Europe prosper.

To the hard-headed German banker and industrialist the New Order promises the all but monopolistic exploitation of the European money and commodity markets, a continuous high level of capital investment, reasonable profits, ample scope for private enterprise, and social peace between capital and labor. Labor is promised full and continuous employment, the maintenance of social insurance benefits, the prevention of exploitation by the employer and a further extension of strength through joy. Unemployment, says Dr. Funk, will never again be a German or European problem.

B. *Appeal to non-German Europe.* Germany's ability to make the New Order palatable to the other peoples of Europe would seem to be all but impossible. The ruthless imposition of the German war economy upon

Europe is causing unprecedented suffering among all classes and in all parts of the Continent. Germany's direct control of virtually the entire economy of Europe is the antithesis of the collaboration which the propaganda of the New Order promises. Indeed, the Nazi New Order and the interests of Europe at large are incompatible. The acts of sabotage performed daily in almost every city in Europe bring home to the Germans the universal detestation in which they are held.

But in Europe at large as in Germany, Nazi propagandists vary their appeal to suit a particular audience. Everywhere antagonism between capital and labor was employed as an entering wedge. Foreign industrialists received promises similar to those extended to German industrialists: They were promised credits, commissions, security from strikes, from trade unionisms, and, above all, from communism. Foreign labor, except for the Poles, was guaranteed work with the same wages and privileges as German labor. In addition, farmers of eastern and southeastern Europe were promised a guaranteed market at high prices.

IV. *Economic and Military Self-Sufficiency.*

Behind this propaganda and all its contradictions, however, there emerges something like a uniform pattern, though there may be endless minor variations of it. All the discussions of the New Order by Nazi planners are dominated by the economic consequences of the naval blockade and the necessity of husbanding Europe's resources of foodstuffs and essential raw materials. Dr. Funk describes the New Order in terms of the ancient Prussian adage, "a maximum of security with a maximum of welfare," and he takes for granted that military security must override every other consideration.

A. *Regional and Continental Autarky.* The first objective sought is the greatest possible self-sufficiency of every regional unit of the Continent. This means that agricultural areas hitherto specializing in the production of a single crop must now grow crops of other products they require. The Dutch and Belgians must from now on adapt themselves to the continental economy by growing larger quantities of their own food and fodder needs. Industry and agriculture must also be brought into a more balanced relationship. In the countries of eastern and southeastern Europe lack of balance was due to the absence of industries; so these countries will be compelled to establish essential industries for consumer goods. This relative autarky of each regional economic unit will relieve the inevitable strain on transportation in time of war. This means the abandonment of the doctrine of the free world market. But it does not mean a return to the economic nationalism of the pre-war period, for henceforth there is to be a solidarity of interest among all the countries of the Continent.

Second, within the scope of this regional self-sufficiency, there is to be an enforced division of labor among the countries of Europe that will permit the necessary specialization in certain industries suitable to the area in question. Thus, while the new Germany will retain her virtual monopoly of heavy industry and consequently of the manufacture of munitions, canning factories and meat packing plants will be erected in agricultural areas, oil refineries in the vicinity of Rumanian oil fields, and hydro-electric power plants in Norway, in the Alps, in the Pyrenees, or wherever facilities exist. Within the scope of their program of diversified farming again, Nazi planners are seeking to persuade each agricultural area to cultivate those crops on a larger scale for which its climate and soil are best suited, including such crops for which the Continent is not suited at all, but which, because of the regime of autarky prevailing in Europe at large must, nevertheless, be grown.[1] This regional agricultural specialization will supply the food deficit of the Continent in war time.

B. *Mechanization and Rationalization.* Nazi critics of the pre-war European economy constantly emphasize the fact that, a few regions of of Germany apart, big industry and mass production did not exist in Europe at large. The enormous extension of the European market under the stress of the blockade enables producers for the first time to employ continuous process, mass production techniques in making automobiles, tractors, refrigerators, bathtubs and other goods at minimum cost. "It is not at all necessary that this production be concentrated at one place or

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[1] Frankfurter Zeitung, *Luftpost-Wochenausgabe, November 12, 1941.*

in a single country," says one writer.[1] "Indeed, a regional decentralization appears to be preferable.... What is decisive, however, are simplification, mechanization, labor saving devices, reduction of cost, and mass production."

The mechanization of European agriculture will provide, it is said, the solid foundation for a continental self-sufficiency in foodstuffs and fodder which will render it immune to any naval blockade. And after the war, according to Dr. Lüer, production needs throughout Europe will be so enormous and labor so scarce that methods of production and distribution will have to remain under careful government control.[2] Above all, industrial machinery, shipping and other transportation facilities, all neglected during the war, will have to be replaced. Europe, says Dr. Lüer, will have to work harder than ever before, once the war is over.

C. *The Totalitarian Substitute for Competition.* A close reading of *Der Deutsche Volkswirt* reveals a haunting fear on the part of German industrialists that government dictation may ultimately destroy private initiative and cause a decline in production. Convinced Nazis, however, are certain that they have discovered an effective substitute for competition in capitalist society. This instrument lies in the administration of price control. Price control officials have for some time adopted the practice of making the production costs of the more efficient factories the basis of their price-fixing decrees. Those firms whose production

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[1] *Frankfurter Zeitung*, Luftpost-Wochenausgabe, August 26, 1941.

[2] *Frankfurter Zeitung*, October 21, 1941

costs are too high by this standard are forced to improve their methods. Even if in the present war emergency the productive capacity of inefficient plants must be used, the price control officials contend that the pressure of price control compels these plants to lower costs as much as possible. These officials, who are familiar not only with technical processes but also with the larger aspects of business management, are the essential personnel by which the government forces the entire economy toward capacity production for war needs.

D. *Financing the New Order.* Nazis do not greatly worry over the difficulties of financing the New Order, since they regard labor in its widest sense as of greater importance than money. They insist that once Europe's production capacities are fully employed, financial problems will take care of themselves. Capital, as the Russians have demonstrated, is accumulated by renouncing immediate consumption of the products of labor. For this reason responsible German officials promise no immediate general rise in the standard of living after the war when capital accumulation and replacement of plant will be imperative.

E. *Labor and the New Order.* European labor is being coordinated with the Nazi military machine as completely as are industry, agriculture, and finance. The Nazis have developed methods of handling labor during the present war and their plans amount to little more than an extension of their present practice to Europe at large. Military efficiency demands that everywhere labor be employed, both to increase production and to prevent social unrest. The Nazis have signed treaties with al-almost all the governments of Europe with a view to making the Reich the labor exchange of the Continent. The employment of more than four million foreign workers within the boundaries of Greater Germany is proof of the of the effectiveness of this policy.

V. *The New Order in Commerce*

From time to time there appear in the German-controlled press of the occupied areas propaganda articles to the effect that the unification of the countries of the Continent is to be accompanied by a general removal of tariff barriers. Yet continental free trade is no part of the German design for the new economy of Europe. The difference between central and southeastern Europe in the standard of living is so great that any wholesale removal of tariff barriers would create an uproar in Germany. Between the bilateral trade agreements with their quota systems which Germany has hitherto preferred and a full customs and monetary union, so argues Dr. Predoehl in the Nazi Yearbook for European Economic Planning, there is a whole scale of intermediary stages which is at the disposal of a large-space European economy.[1] It is a matter of expediency, he adds, precisely what form economic cooperation between two European states should assume in the New Order. Two such Fascist countries as Germany and Italy with their apparatus for the control of production and exchange will, it is said, find normal methods of trade more profitable to both than an unexploited customs union.

The systematic application of the Nazi principle that trade is an instrument of warfare is creating a peculiar situation on the Continent, particularly in the commercial relations between occupied France

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[1]Dr. Predoehl, "Grossraumautarkie und Weltwirtschaft," *Jahrbuch fur Europaische Wirtschaftsplanung und Grossraumwirtschaft*, 1941.

and Germany. Since a large majority of French industries in occupied France are working on German war orders, it has become meaningless to designate the supply of German coal and raw materials to these industries as export. And since commerce is a function of warfare and French industries are working for the German war machine, it is just as pointless to apply the traditional tariff regulations as it is to speak of exports and imports in the traditional meaning of these words. In effect, these French industries have become an integral part of the German war economy.[1] Transfers of commissions to French industries by German firms have grown to such formidable proportions that a veritable order-bourse, the *Zentralauftragsstelle*, has been set up in Paris, where French firms may obtain official sanction for such transfers. Such *Zentralauftragsstellen* have also been set up in Brussels and Amsterdam.

In fact, the Germans have developed the system of placing war orders with industrial firms outside Germany on a truly impressive scale. At regular intervals German industries place on display in Brussels, Amsterdam, Paris, Lyons and Zurich models of articles for which they are seeking a foreign producer. Native industrialists are invited to examine the models and select those which they are able to produce. The purpose of these industrial exhibits is something new in international affairs, for they are not intended to promote the sale of German products, but to increase the production of the occupied territory.

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[1] "Perspektiven in Aussenhandel, *"Frankfurter Zeitung*, Oct. 23, 1941.

A. *The Franco-Belgian Model.* The wholesale placement of war orders with foreign firms has the inevitable consequence of coordinating their industrial processes with those of the Reich. These foreign industries working on German orders are just as much subject to German government specifications and prescriptions as are the industries of the Reich. Although the pattern is everywhere the same, the best illustration is offered by the case of Belgium. The measures taken in Belgium are reported in a recent issue of the Kartell-Rundschau as follows:[1]

> "The incorporation of Belgian industry into the continental European economy under German leadership requires its reorganization to meet the conditions of supply and market in this economic area, and its adaptation to the situations, etc. Above all, the capacity for technical performance in Belgian industry must be geared to that of German industry, if the former wishes to continue to operate. In order to promote this necessary technical adaptation, a Research Committee has been established in the Belgian Ministry of Economics. The result of the official studies are being made available to the several branches of industry and enterprises through the medium of the *Haupt-Fach-und Fachuntergruppen*, which have been founded as a result of the reorganization of Belgian economy in February and March, 1941, (i.e. Belgian economy has been reorganized so as to parallel the German *Reichswirtschftskammer*)
>
> "The Belgian Ministry of Economics is now releasing a decree which makes obligatory upon the groups the technical adaptation of the branches of industry and enterprises in their care. There are named in the decree, as especially important goals of the technical adaptation, the economical and rational utilization of raw materials, improvement of the quality of the products, the . . . . establishment of standard types in production, further, the control of the products. , . . the promotion of technical and scientific studies in cooperation with institutions of general professional interest, such as laboratories, research establishments, etc. Investigations, directions and other measures of the Groups require the consent of the Ministry of Economics, which reserves to itself the guidance of these activities and measures."

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[1] *Kartell-Rundschau*, October, 1941.

Since the main industrial country of the Continent apart from Germany is France, the Germans have made especial efforts to revive French production for Germany on an increasing scale under the supervision of the German department of military economics which has headquarters in Paris. But the severe shortage of coal in occupied France made the industries of the unoccupied zone, many of them operated by hydro-electric powers, appear especially attractive. Since the summer of 1941 Germans have been exploring the possibility of utilizing the industrial plants of this unoccupied zone of France. This effort was revealed in the active participation of the German Society of Engineers and other German economic organizations in the Autumn Fair at Lyons. The Germans appear to have departed from Lyons with complete satisfaction. The statements made in Lyons by both French and German managers and technicians, the establishment in Lyons of a branch of the *Verbindungsstelle Frankreich der deutschen Wirtschaft*, and finally the growing volume of orders transferred to the unoccupied zone strengthen the impression that the line of demarcation between occupied and unoccupied France is no longer a serious barrier to economic cooperation between Germany and France. There is every indication that the economy of unoccupied France will soon differ very little from that of the occupied zone.[1]

The growing economic intimacy between Germany and conquered France was recently expressed in a joint session of the German and French chambers of Commerce at Paris, which was attended by the presidents of 25 chambers from the two countries, by representatives of the German *Reichswirtschaftsministerium*, and by Bichelonne, the Vichy French Minister of

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[1] *Neue Zurcher Zeitung*, October 24, 1941.

Production. Commenting on this session, a Swiss correspondent remarks that on this occasion "the spiritual radiation of the German economic order found its full expression." The German speakers recommended the adoption by France of the entire system of "ordered" economy, while the Frenchmen emphasized the great advantage of a uniform practice in both zones. The meeting appeared to agree that French industrial economy should be coordinated in an organization that might serve the State as an instrument for economic guidance. This is an excellent illustration of Fascist procedure. The whole process will bear close observation, for the more intensive it becomes, the more thoroughly will the tariff barriers between France and Germany be obliterated and the more completely will French industry be subjugated to that of the Reich. This, of course, applies also to Belgium.

B. *The Balkan Model.* In the eyes of Nazi planners, the German-Rumanian commercial treaty of March, 1939 contains the germ of the New Order. It is this treaty pattern which they have applied to the other countries of southeastern Europe and which they are endeavoring to apply throughout the Continent.

In this treaty Rumania agreed to a large-scale extension of her production of fodder, oil seeds, textile plants and timber, and Germany in turn was to deliver armaments and machinery. In addition, both Germans and Rumanians were to be represented on the boards of business concerns which were to be set up for the exploitation of Rumanian oil and metal resources.

Using the treaty as the model basis of discussion Dr. Funk, in July, 1940, announced the objectives of the New Order as far as the

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Balkan countries were concerned. These objectives were: (1) the conclusion of long-term trade agreements with Germany which would take into account her requirements and which necessitate the development of certain Balkan resources; (2) the transition from bilateral to multilateral clearing payments.

Since this announcement was made some progress has been made in developing this multilateral clearing system. But the Nazis have now readjusted the exchange rates by raising the value of the Reichsmark in Yugoslavia and Rumania, and its value at present appears to be much the same in all southeastern countries. This step has facilitated German purchases and at the same time made the purchase of German products more expensive. Germany has also signed a number of agreements with Balkan countries which repeat this pattern of long-term trade agreements and long-term agricultural and industrial development projects to be supervised and carried out by mixed commissions.

The German-Hungarian agreement of October, 1940, set up one of these commissions to carry out a long-term agricultural development plan. The German-Rumanian agreement of December, 1940, provided for the closest economic cooperation of the two countries in a ten year Rumanian reconstruction plan. In February, 1941, special arrangements were made with Bulgaria to develop its ore reserves and modernize its agricultural production.

Although the trade relations between Germany and the countries of southeastern Europe have been intensified by the war, the statement is often made, especially in the British press, that the New Order has not

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advanced beyond the planning stage. Yet it would be a fatal error to assume that the Germans are marking time. Already Greater Germany absorbs between 45 and 80 per cent of the entire foreign trade of these countries. The mechanisms for executing the plans contemplated in the trade agreements have been set up and German officials, bank advisers, agricultural experts and industrial technicians are cooperating with Nazified Balkan governments, banks, and industries.

German universities, especially the University of Vienna, have established special institutes on Balkan affairs, where Croat, Hungarian, Rumanian and Bulgarian students are receiving instruction in Nazi industrial and agricultural economy. Propaganda societies, such as the *Sudosteuropagesellschaft*, are busily at work.

But it is especially the Central European Economic Association *(Mitteleuropaischer Wirtschaftstag*, abbreviated as MWT) that is displaying a feverish activity in the countries of southeastern Europe. This society of diplomats, bankers, industrialists and professors is in constant touch with similar groups in Hungary, Rumania and Bulgaria. It grants stipends to Balkan students in Germany, publishes periodical surveys on the progress of Balkan mining and agricultural, and subsidizes schools for agricultural machinery in Sofia and Bucharest. It hopes to establish similar schools in Croatia and Greece in 1942.[1] What makes the activities of the MWT so formidable is the fact that its vice-president Dr. Ilgner is also the chairman of a committee for southeastern Europe of the *Reichsgruppe Industrie* whose special function is to work together with the leading economic groups of Hungary, Rumania and Bulgaria.

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[1]Deutsche Allgemeine Zeitung, Nov. 11, 1941.

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Whatever the effectiveness of MWT propaganda activities in the Balkans, it must be admitted that they are nicely adapted to southeast European susceptibilities.[1] Germany, it is constantly repeated, has no intention to use the Balkan countries as exploitation colonies. They never fail to add that Germany has no desire to discourage industrialization in these countries. Further Balkan industrialization, says Dr. Ilgner, is inevitable, and, since it raises the standard of living and increases the purchasing power of the peasant, it will be to Germany's advantage to encourage it. Above all the MWT promises to extend credit to Balkan industrialists and farmers.

Here is an instance, the Nazi planners contend, of a genuine and mutually profitable division of labor which should serve as a model for the New Order in Europe. There was, of course, no denying the fact that, due to these treaties, the Balkan countries lost their economic freedom of movement and became dangerously dependent on Germany. But, adds B. Kiesewetter in reviewing the consequences of these treaties, small countries are always dependent upon some greater power, and they might just as well face it.[2]

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[1] Hassel, "Deutschland und der Südosten im Rahmen der zukünftigen europäischen Wirtschaft", *Der Vierjahresplan*, March, 1941.

[2] *Jahrbuch für Europäische Wirtschaftsplanung und Grossraumwirtschaft*, 1941.

VI. *German Conquest of Continental Business*

The German economic conquest of the Continent vies in effectiveness with the military conquest of the *Wehrmacht*. It is by no means confined to such purely commercial arrangements as those described in the previous section. By a process that must be called the most gigantic theft in the history of modern capitalism, Germany has today an all but complete mastery of the business life of Europe. If the domination is not yet complete, this is owing solely to the limitations of time and German administrative capacity.

In the early stages of the war the Nazis confiscated machinery in the conquered countries and shipped it to Germany. Later they left the machinery and the people who operated it where they found them and endeavored to restore production as quickly as possible. To the employers of the conquered territories the Nazis could say, and often did say, "Manufacture what we need, or your plant will rot," and to the worker, "Take a job in a factory making goods for us, or starve, you and your children too."

A. *Financial Control.*

1. *Currency Control.* The Germans control of Continental currency has proved to be one of their most effective devices for the subjugation of the countries of Europe. Quite recently, Germany has elaborated her clearing system and turned it into a powerful weapon for control and fiscal profits. Various countries are organized into groups, for instance, Denmark and Sweden. If Denmark has claims against Germany but is indebted to Sweden, Germany assigns part of its claims

against Sweden to Denmark. That, however, is not the rule. The rule is the raising of the value of the Reichsmark. It has already been shown how this was done in Yugoslavia and Rumania. Holland provides another example. The new Dutch currency decree of 1941 institutes a free currency exchange between Holland and Germany, and retains the ratio of one hundred guilders equal to 132.80 Reichsmark, thereby enormously overvaluating the Reichsmark. In other countries the situation is similar. "Planned exchange of commodities" is made possible by currency clearing.

2. *Banking.* Banking control has offered a particularly useful spearhead for German penetration of the economic life of conquered and allied territories. All the great German banks, the Deutsche Bank, Dresdner Bank, Commerzbank, Berliner Handelsgesellschaft, and a relative newcomer, the German Labor Bank, have expanded their influence over the banking of the Continent, by purchasing majority or minority stock, negotiating a working agreement, or establishing branches or affiliates. Certain foreign banks are especially attractive because they in turn have branches or affiliates. By late autumn in 1941, German banking domination had been extended over most of Europe. Success was greatest in the East and Southeast. In the West it was more complete in the smaller countries than in France.

No less important is the fact that Germans placed their own officials in supervision of the national banks of all the countries under German control. This device enables them to dominate operations of all the banks not actually owned by German interests. These national banks amount to little more than branches of the Reichsbank. The Germans are

already planning a central bank for Europe which will be situated in Berlin and will serve as a clearing center and a central safe-deposit bank for other banks.

The German banks are increasing their own capitalization and that of their foreign subordinates. The increase often amounts to doubling the present capital, although in reality the action amounts primarily to a bookkeeping arrangement. Reserves, both open and hidden, are merely added to the public capitalization. More important is the fact that the Germans are hereby preparing financially for the enormous investment demands they expect peace and the New Order to bring. (See Appendix I "Expansion of German Banking Interests in Europe")

3. *Insurance.* Expanded control by German insurance companies over the insurance business of much of the rest of Europe is being directed by the official organization, the Reich Insurance Group. The opportunities for expansion are provided by the spoilation of British insurance interests throughout the occupied areas and of French, Belgian and Dutch interests in some areas.

The reinsurance business of the Continent has come under German control. It is being concentrated in Germany, primarily in Munich, which is replacing Lloyd's. The insurance of Eastern Europe is actually reserved for German companies; that of the Southeast is dominated by them; and they are entering with the full support of German power into the Netherlands and Belgium and with some hesitation into France. (See Appendix II for illustrations of the extension of German control over insurance).

B. *The German Cartel System.* One of the most effective means used to incorporate business outside the Reich is the German cartel system. By a cartel Germans understand a horizontal organization of legally independent enterprises for the control of the commodity market. Since government authority in the person of the Price Commissioner now fixes all prices, the powerful German cartels can no longer be called price cartels. They are in reality quota cartels which allocate to each member a production or sales quota or both. Cartels are authoritarian bodies, controlled by powerful combines which normally employ the cartel as a tool to advance their special interests. Voting in the cartel is dependent upon the quota which the cartel member has. The greater the quota the larger the number of votes.

German cartel legislation, especially that concerning compulsory cartelization, has since been introduced into the conquered territories. It was introduced into the Protectorate on January 10, 1940. Since, as we have seen, all the great German cartels are quota cartels, this can only mean that the allocation of production quotas is determined by the German majority of cartel members. There can be no doubt that the Germans have greatly strengthened their position by means of this device in certain specific industries.

C. *Industry.* A glance at the map reveals that the industrial heart of Europe already lies either within, or immediately adjacent to, the new frontiers of Greater Germany. Generally speaking, the more highly industrialized an area is, the closer is its new relation to the Reich.

Austria, whose industries are not negligible, was incorporated. The Sudetenland, which included some of the most highly industrialized districts of Czechoslovakia, was likewise incorporated; the industrial remainder of the Czechoslovak Republic, the Protectorate, is now within the Reich's customs frontier. In Poland the annexed areas contain almost the whole of Polish industry, including upper Silesia and the Warthegau with Lodz (Litzmannstadt). In the West, Alsace-Lorraine, France's greatest iron district and a principal textile area, was annexed, as was Luxemburg; occupied France and Belgium, though under German administration and closely associated with German economy, are separated from the Reich by customs frontiers. Holland, on the other hand, has been brought into a customs and monetary union with the Reich. To these must be added the region of the Baltic states and the occupied area of the Russian Ukraine, both, so far as is known, separated from the Reich by customs frontiers.

The two great coal and iron centers of Germany have now been expanded by adjoining industrial areas: the Ruhr-Rhine by industrial Northern France and Belgium, and Silesia by Polish Upper Silesia and the Protectorate. The incorporation of Bohemia and Moravia constituted the greatest immediate gain, for it delivered into German hands not only accumulated stock piles of raw materials estimated at more than a billion and a quarter dollars and a gold reserve of 3,4 billion crowns, but the highly developed technical apparatus of Czech industry. Schneider-Crusot in France, Skoda in Pilsen, the Czech Arms Factory in Brno are now working shoulder to shoulder with Krupp for the German war machine. What this means may be inferred from the fact that Brno alone

delivered to China in 1929 during the civil war 200,000 rifles. One must add to this also the circumstance that southeastern Europe has no armament industry worthy of mention.

The control of these industrial areas is of decisive economic and military importance. It is equivalent to a monopoly of the heavy industry of the Continent and of those industries dependent upon it, machine and machine tools, construction and motor industries, to say nothing of munition industries. Indeed, control of coal and iron alone, exercised by a military power such as Germany is sufficient to compel every European country, with the possible exception of Spain and Sweden, to seek German permission before undertaking any considerable industrial development. To complete the picture of Germany's overwhelming position on the Continent one must add the circumstance that she now controls, directly or indirectly, most of the transportation facilities of the Continent - motor, railway, inland waterways and airplane. This, coupled with the decline of coastal shipping owing to the war, enables Germany to direct the flow of raw materials and finished commodities to suit her needs.

Germans are not stopping with the incorporation of most of the Continental industry within their own territory. They are acquiring control of the industries located in foreign countries by fair means or foul. The gains have been enormous in the case of the great corporations such as the I. G. Farben A. G., the Hermann Göring Werke, the Continental Oil, the Phrix Company, whose holdings will be discussed in

detail in the next section. The seizure of British or Jewish and now of American stock has given them a foothold, or strengthened one that was already established in European corporations, without necessarily reducing the shares of continental owners. The same procedure was applied to French, Belgium and Dutch interests in eastern and Southeastern Europe, often with the consent of the owners, who, in many cases, were not loath to cooperate with the victors who allowed them to share in the spoils. In other cases, the Germans encouraged foreign corporations to increase their capitalization, the existing stockholders received a part of the increase and the Germans the remainder.

The technological superiority of German industry often gives the Germans a whip hand in dealing with foreign industries. If a foreign plant is suitable for the production of an article necessary to the German war effort, the offer is made to restore it to operation, to supply it with the latest formulae and processes -- of course with German technicians to instruct their less initiated colleagues -- provided that the foreign company turns over to the German corporation an adequate block of its stock. Thus, the foreign owners may once again receive dividends, their idle factories and men be put to work, and the financial soundness of the corporation is maintained. In this manner another foreign company will have been integrated with the economic pattern of the New Order.

VII. *Expansion of Specific German Industries*

A. *Heavy Industry* The Germans have been acquiring mines, steel plants, machine and motor works with equal celerity. In the two major centers, Lorraine and Polish Silesia, they have seized the property and in the main transferred it in trusteeship to German corporations, often to those which owned it prior to 1919. The chief agent for the expansion of German interests in mining and heavy industry has been the *Hermann Göring Werke*, a holding company controlled by party officials, high bureaucrats, army officials and big business. The combination of representatives of these four groups has proved irresistible. (See Appendix III for these holdings: Appendix IV for other German heavy Industry holdings)

B. *Chemical Industry*[1] Germany has occupied the leading position in the continental chemical industry for many years. The Four Year Plan imposed added responsibility upon it; in fact, the success of the plan depended first and foremost upon the industrial creativeness of chemistry. The re-arming of Germany by the Nazis was made possible by the hydrogenation plants for the production of oil and buna from coal; the light metals industry has also benefitted from chemistry, and the cellulose industry is entirely dependent upon it. The same is true of many branches of the munitions industry.

It was obvious, therefore, that Germany would seek to acquire control of the chemical industry of the Continent, and she has rapidly been doing so. The raw materials of the chemical industry are widely

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[1] *Der Vierjahresplan*, Jan., 1941; *Die Deutsche Volkswirtschaft*, No. 1, Sept. 1941; *Der Bund*, Sept. 2, 1941; *Neues Wiener Tageblatt*, June 8, 1941; *Frankfurter Zeitung*, Oct. 24, 1941

scattered throughout Europe, but the most important single sources are coal, which is almost monopolized by Germany, and the natural salt deposits within the Greater German territory. The expansion of German ownership over foreign plants does not seem impressive, because the number and size of these foreign plants was not impressive. The biggest gains came in the Protectorate and in France. The agreement between I. G. Farben and the Kuehlmann company is the most important step in the absorption by Germany of the foreign chemical industry.

It should be noticed especially that the nature of this industry permits unusual means of control to be effective: a foreign corporation may be supplied with a chemical formula, with machinery, or with engineers, the actual ownership of stocks is not necessary to dominate it. (See Appendix V)

C. *Electrical Industry*[1] The German long-term plans call for the greatly increased use of electricity in agriculture, industry and transportation. Electrical power must compensate for the shortage of manpower. The substitute industries and the light-metal industries require large quantities of electrical power, and Germany cannot do without them. The Germans have needed all the electricity they could obtain, and they have acquired it wherever they could. Yet, apart from Italy, electrical power plants, especially hydro-electrical ones, have not been much developed on the Continent. (Appendix VI)

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[1] *Neue Zurcher Zeitung*, Sept. 9, Oct. 21, 30, 1941; *Wirtschaftsdienst*, Nov. 11, 1941; *Der Deutsche Volkswirt*, June 13, 27, July 18, 1941; *Frankfurter Zeitung*, Oct. 18, 25 Nov. 14, Sept. 24, 1941; *Neues Wiener Tageblatt*, March 22, 1941.

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D. *Light Metals Industry*[1] This industry, so highly important for the manufacture of airplanes and of many substitutes, was chiefly confined to Germany and Italy before the war. Since then the Germans have been active in acquiring control of existing plants and bringing them into line with German needs. The two main non-Axis centers of the industry are Norway and France, and neither had exploited its resources.

As in the chemical industry, technical assistance is helpful in gaining control of this industry. But in this industry the Germans have applied another effective method. They have pressed a corporation to increase its capitalization; the existing stockholders have taken some of the new stocks and the Germans have taken the rest. In this way the owners benefit from expansion of the plant and the assurance of a larger market. (See Appendix VII)

E. *Cellwool*[2] Germany and Italy expanded their cellwool industry before the war in an effort to be self-sufficient in textiles. The war and the Anglo-American blockade have forced the other European countries to follow their example, and since Germany enjoys both military power and the advantage of experience in the technical methods of making cellulose and textiles from it, her industry has been able to control that of almost all of Europe.

The two largest German concerns producing cellulose are the Phrix Werke and the Zellwolle-Ring. Of these the former has been more active abroad. It aims to achieve the position in the cellulose

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[1] *Der Vierjahresplan*, March 20, 1941; *Neue Zurcher Zeitung*, Aug. 29, Sept. 8, 1941; *Deutsche Volkswirtschaft*, No. 3, Oct. 1941.

[2] *Frankfurter Zeitung*, Oct. 2, 30, 1941; *Deutsche Allgemeine Zeitung*, June 4, 1941; *Der Deutsche Volkswirt*, May 30, Oct. 17, 1941; *Deutsche Volkswirtschaft*, No. 1, Sept., No. 3, Oct. 1941.

industry that the H. Göring Werke occupies in iron and steel. On its board of directors are to be found both high party officials and big industrialists. A subsidiary, the Phrix-Verfahrenverwertung A. G., has been organized to take care of Foreign interests. (See Appendix VIII)

F. *Oil* Oil is one of the most eagerly sought commodities in Europe. The Germans have made every effort to control both the natural product and the industry. (Appendix IX) It should be added that the oil resources of Galicia have fallen to Germany. The acquisition of authority over Rumanian oil resources is Germany's outstanding gain of the war. To all intents and purposes she dominates the continental oil industry west of Russia.

VIII. *European Agriculture and the New Order*

The German claim that the blockade compels the Continent to feed itself is correct. The occupation of the Ukraine, which exported 10 million tons of grain in 1913, seems to be of no value to Germany at present, although in the long run it may mean everything. In the meantime Europe as a whole must produce enough to overcome a 10 per cent foodstuff deficiency. Before 1939 this problem was solved by overseas importations.

What the Germans are now doing in the matter of planning and controlling the exploitation of the agricultural resources of the Continent is a part of total war. Its greatest weakness lies in the fact that German war economy and the interests of Europe at large are incompatible, in spite of all the Nazi propaganda about the great advantages of a unified Europe.

Even Nazi agricultural economists display no great optimism over Europe's present capacity to produce all the food it needs. The problem is complicated not only by the British blockade which has upset the intensive agricultural economies of northwestern Europe, but by the agricultural backwardness of the countries of southeastern Europe.

With the exception of Italy and Germany, none of the countries of the Continent has made a systematic attempt to produce all its own food. In 1938 the Netherlands produced only 67 per cent of the food she needed, Belgium, only 51 per cent, Switzerland only 47 per cent, and Norway only 43 per cent. Even France produced only 67 per cent of her needs; Germany, after years of systematic effort, achieved an 83 per cent

food self-sufficiency, and still was compelled to import one third of her feed grains from overseas.

For Europe as a whole and Germany in particular the most serious deficiency is in animal fats. Today Nazi economists pronounce the fodder and feed grain problem the decisive problem of Europe's - that is, Germany's - future. Until Europe can produce fodder and feed grains in adequate quantities, all the countries of Europe must reduce their livestock to the level of available supplies, a formidable readjustment for Holland and Denmark.

Nazi administrators employ the intensive farming methods prevalent in Germany during the last eight years as a criterion of what can be done to raise production goods in the rest of Europe. One author contends that the average crop yields of Bulgaria, Rumania, Hungary, Poland and France are more than fifty years behind those of Germany.[1] In a study made by the *Institut für Wirtschaftsforschung* the statemer is made that were German intensive agricultural methods applied throughout France, France could support an additional population of 35 million.[2] A study in *Wirtschaftsdienst*[3] compares the average French and German hectare crop yields for 1938 as follows:

Produce	*France*	*Germany*
Wheat	18.6	27.4
Rye	12.9	20.2
Barley	17.0	25.4
Oats	16.8	23.6
Potatoes (1935-1938)	110.0	170.6
Sugar Beets	264.0	312.3

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[1] Dr. L. Rudloff, "Ernährungswirtschaftliche Selbstversorgung des grossdeutschen Lebensraumes," *Die Deutsche Volkswirtschaft*, Nov. 29, 1941.

[2] *Der Deutsche Volkswirt*, Nov. 7, 1941.

[3] *Wirtschaftsdienst*, Nov. 25, 1941. Heft 30.

The dislocation created by the war has been greatest in such countries as the Netherlands and Denmark, where intensive methods of cultivation, stockbreeding, and dairy farming depended on overseas imports and markets. The Germans now accuse the Dutch of being themselves responsible for their present plight because they sacrificed their economic independence for the sake of capitalist profits in the world market. State Secretary Backe briefly defined Holland's position in the New Order in August, 1941, when he insisted that henceforth the Dutch must produce a larger proportion of their own fodder needs, that an added area of 23,000 acres had already been set aside for this purpose, and that to maintain their present hog production, they must grow larger quantities of potatoes and sugar beets. He pointed out that if Germany could maintain her milk production at pre-war levels in spite of a reduction by one-third of her oil seed imports, Holland could do likewise.[1] The necessary adjustments to the German war economy would be difficult, but, for the rest, he promised them the large German market for their garden products. Since farming methods are already more intensive in the Netherlands and Denmark than in Germany, German agricultural economists expect no increase from this quarter.

More is expected from Poland and from occupied France which are now at the mercy of German administration. As far as the Government-General is concerned, the Germans make no pretense that it is anything but an area to be exploited.

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[1] *Der Deutsche Volkswirt*, Aug. 22, 1941.

It must be remembered that the Government-General has only about one half the production capacity of the German Reich, yet it must support approximately the same number of inhabitants per square mile. Poland also was considerably less self-sufficing before the war than was the Reich. At the time of the occupation the feeding of the 18 million people of the Government-General presented an acute problem to the Germans. So far as is known, this problem has worried Dr. Frank, perhaps the most despicable of the Nazi proconsuls, very little. What has happened in the Government-General in the meantime may be inferred from a statement in a recent article of the *Deutsche Allgemeine Zeitung*[1] to the effect that Germans have exported no foodstuffs into this area, and yet at the same time they have compelled it to make substantial food deliveries to the German army. And in this same article the author admits that even under German administration the Government-General cannot be made self-sufficing in less than four years.

In spite of war conditions and the lighter soils of the East, the Germans claim to have increased substantially the crop yield of the annexed areas of former Poland and of the Government-General. Their first step was to shift large areas from the production of grain to that of root crops. In a statistical survey the sugar beet crop is said to have been increased by one third, legumes by 70 per cent, and corn by 200 per cent. The use of commercial fertilizer is said to have been doubled each year. In the year 1942 they propose the greatest possible expansion of the fodder and feed grain basis of Polish

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[1] *Deutsche Allegemine Zeitung*, Oct. 25, 1941.

agricultural economy in the hope of achieving a corresponding increase in animal fats and meat production. They are being led to this measure by a forced reduction of Polish cattle from 1.9 to 1.6 million heads in 1941.

More illuminating than these statistics are the methods which Germans have been compelled to adopt to achieve these results. Unable to trust the voluntary labor of Polish peasants, they organized a gigantic company, the *Landbewirtschaftungsgesellschaft G. M. B. H.*, briefly called *Ostland*, to manage and exploit first the farms of the annexed areas of former Poland, then of the Government-General, and finally of vast areas in northern and northeastern France. The *Ostland* operates directly not only all the large Polish estates but also directs and controls the production of small Polish farms. One may obtain some notion of the scope of the activities of *Ostland* from the report that it operated 3,300 large estates with the assistance of German managers, and supervised and controlled more than 500,000 small farms. In the annexed areas of former Poland alone it controlled the cultivation of almost 12.5 million acres.[1] In the Government-General proper 4000 large estates were managed directly, while small farms were placed under the control of a German commissar who worked with native Polish personnel. The *Ostland* is rigidly controlled from Berlin.

In northern and northeastern France the activity of the *Ostland* has been scarcely less important. Here it farmed directly 6.7 million acres through district offices in Laon, Mezieres, Nancy and Dijon. In France the *Ostland* did not actually dispossess former land owners as in Poland, but it ruthlessly farmed the land without any reference to the property rights of owners.

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[1]Dr. Lauenstein in *Der Deutsche Volkswirt*, Aug. 29, 1941.

The *Ostland* is a war measure dictated by the fear of starvation. If its methods are brutal, it operates with the most up-to-date machinery and the most modern agricultural technique, and it uses its tractors in day and night shifts. It introduced high quality seeds into Poland and France and brought tractors and horses along to facilitate the work. It promotes systematically the cultivation of potatoes, sugar beets and oil seeds. In 1941 it transferred from the Netherlands and Denmark to Poland 30,000 head of cattle, 5000 sows and 120,000 sheep.

The *Ostland* is an illustration of what the Germans are doing in areas under their immediate control and what they may be expected to do, if forced to, in the Ukraine.

Apart from France, German agricultural economists expect no great increase in production from the countries of northern and western Europe. Their greatest hope lies in tapping the potential food reserves in the countries of eastern and southeastern Europe, where agriculture is still largely extensive rather than intensive. By transplanting the intensive methods of cultivation and technical facilities characteristic of central Europe, they hope over a long period to increase production by several hundred per cent. German agricultural specialists, soil experts, and machine technicians are now being sent to Balkan countries, according to treaty stipulations, to instruct peasants in improved farming methods and the cultivation of new crops. An illustration of what can be done over a longer period, the Germans say, is the increase of milk production in Germany from 1925 to 1937 by 28 per cent.

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Yet the Nazis are beginning to realize that the degree of government control of agricultural production which these plans require depends on the formidable apparatus of the Fascist state, and in the matter of government control the countries south of the Danube are still wanting.[1] Although the German-Rumanian treaty has been responsible for a great expansion in oil seed and fiber production, the Balkan peasant, who is usually the owner of his farm, is not yet inured to constant government dictation and is likely to prove more intractable as German administrative control becomes more obvious. But it is the war which is creating almost insuperable difficulties for a realization of German plans. There is now an acute deficiency of fertilizer on the Continent and the Germans cannot produce agricultural machinery in sufficient quantities to make a difference in southeastern Europe. Above all, with millions of Balkan peasants now under arms, the shortage of agricultural labor is almost as acute as it is in Central Europe. All these considerations tone down the sanguine forecasts of the German agricultural economists.

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[1] "Kontinentale Landwirtschaft", *Frankfurter Zeitung*, Nov. 13, 1941.

IX. *Resettlement and Germanization to Erect "A Living Wall of German Men in the East"*[1]

The *Zeitschrift für Geopolitik* (March 1941, page 136) gave thanks that "almost 400,000 Jews have left the Reich and will never see Germany again." This is eighty per cent of the full-blooded Jews in the Reich in 1932. And while the master race has been expelling these unfortunates from the land of their forefathers, an even larger number of people have been brought into Greater Germany. These people were nominally German, but in many cases their families had left Germany hundreds of years ago to settle on the Black Sea or the Baltic, the Tyrolian Alps or the Carpathians, the upper Dniester or the lower Danube. The German press is fond of describing the "joy" of these "home-comers". It is the sort of joy a Down East Yankee would show if he were shipped to England.

A hint of the migrations to come was given by Hitler's agreement of early July 1939 with Mussolini for the repatriation of the Tyrolese Germans. But the real signal was sounded in Hitler's speech of October 6, 1939, when he named, as Germany's first task arising from the collapse of Poland, "the demarcation of the boundary for the Reich, which will do justice to historical, ethnographical and economic facts." A moment later this was elaborated as follows:

> "...that is to say, resettlement of German nationals in such a manner that the process ultimately results in the obtaining of better dividing lines than is the case at present. In this sense, however, it is not a case of the problem being restricted to this particular sphere, but of a task with far wider implications for the east and south region of Europe which are to a

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[1] *Zeitschrift für Geopolitik*, March, 1941; Deutscher Volkswirt, July 11, July 25, Oct. 24, 1941; *Polish Feature and News Service*, Polish Information Service, New York, No. 20; *Deutsche Volkswirtschaft*, No. 28, 32, 1941; *Polish Fortnightly Review*, Oct. 1, 1941; *Deutsche Allgemeine Zeitung*, Oct. 25, 1941; *Two Years of German Oppression in Czechoslovakia*, London, 1941; *Die Zeitung*, London, July-Oct., 1941; *News from Czechoslovakia*, Sept. 1939-Dec. 1941; *News Flashes from Czechoslovakia under Nazi Domination*, 1939-Dec. 1941; *Zpravy Ceskoslovenske Tiskove Kancelare*, Nov. Dec., 1940.

large extent filled with splinters of the German nationality, whose existence they cannot maintain." Adolf Hitler, *My New Order*, ed. by Raoul de Roussy de Sales, N. Y., 1941, pp. 737-8. Cf. p. 751).

On the following day, Hitler appointed Himmler to be *Reichskommissar für die Festigung des deutschen Volkstums*. The Nazis took up their leader's dictum with enthusiasm:

> "...a clean and sharp line of demarcation must be relentlessly drawn between German and non-German blood," Ulrich Greifelt proclaimed, "The fundamental principle must be that the body of the German folk should admit no foreign blood, that would weaken and endanger its absolute solidarity, but also that not a drop of valuable German blood should benefit a foreign people. This means: rigorous selection according to the criteria of race, biology, health and character." *Raumforschung und Raumordnung*, January, 1941, page 3.)

In execution of this policy, and on the basis of treaties with Italy, the Baltic states, Russia and Rumania - no Poland was left to require a treaty - since the autumn of 1939 there have streamed into the Greater Germany more than 600,000 so-called Germans, divided according to origin as follows:

Tyrol	185,365[1]
Esthonia	12,999
Latvia	48,600
Volhynia	64,000
Galicia	55,400
Narew area . . .	8,100
Gouvernement General	30,000
Bessarabia, Bukowina, Dobrudja	220,000

When this article was written, an additional 60,000 were in process of migrating to Germany from the Baltic States, but the Russian campaign may have interrupted the movement. Substantially identical fugures are given in *Zeitschrift für Geopolitik*, March 1941, p. 33.

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[1]This is the number which opted for Germany before the end of the period for opting on December 31, 1939. Since the optants had to January 1, 1942 to leave the Tyrol, final figures on the number to do so are not available. By Feb. 1940, 14,500 had moved to Germany. (*London Times*. Jan. 5, Feb. 3, 1940).

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Some of the immigrants found homes and occupation within the frontiers of the Germany of 1919-1938, and the expulsion of the Jews would have left room for many more had not the Nazis on the spot and their proteges already gobbled up the spoils of "Aryanization." To other migrants, the *Wehrmacht* doubtless extended a welcome. And others, as will be shown below, were later to be settled in the Protectorate. But the largest number of the immigrants for which figures are available, were to constitute the "living wall of German men" in the territory conquered from Poland and incorporated in Germany, particularly in the Wartheland.

As has been said, Himmler was entrusted with the erection of the human East Wall. But the ground had been well cleared for it by Göring, who had established as an agency of the Four Year Plan the *Haupttreuhandstelle Ost*, with subordinate *Treuhandstellen* in the several provinces. Among the congenial tasks of the H. T. O. was that of inventorying Polish property in the conquered area, supervising its administration *pro tem.*, and defining the terms for its confiscation. All property of the Polish state was confiscated, together with that of Polish citizens resident in Germany or in Poland, who were Jews, or who had taken flight. Furthermore, property that was necessary to the public welfare, particularly for the purpose of strategy or of Germanization, was taken. The Germans in Poland whose property had been damaged by the war had it exchanged for undamaged Polish property. Or, if a farm or store was not large enough to support a member of the master race, he was provided with a more adequate Polish establishment.

Under such conditions, it would not be surprising if all Polish property had been confiscated, as has recently been reported from the Wartheland. This report may well be accurate, although German periodicals which have made no effort to disguise the ruthlessness of the confiscatory process, indicate that in the Wartheland, a considerable number of Poles still remain in possession of small farms or stores or survive as petty independent craftsmen. But if any property does remain in Polish hands, it is only because they do not yet want it.

In addition to the Germans, who had long resided in Poland, hundreds of thousands more now poured in; 173,243 of these "colonists" were settled in the Wartheland. Thirty thousand came from the Government General "in exchange for" Poles who had been living there. But the number of Poles "exchanged" is not given, and it is not hard to believe that it was many times as large. Thousands of other Poles have been systematically squeezed out of their occupations to make room for their conquerors. Of the arable land, one half is now in German possession, while the other is described as "former Polish small farms," probably indicating that it is supervised and controlled by the *Ostland*. Last winter it could already be said that 25,000 farms in the whole annexed area had been provided with German peasant families. In general, the criterion for determining if a particular establishment should be kept in operation has been "whether it could later provide a German with the means of existence."

The application of this criterion[1] to the craftsmen and retail stores in the Wartheland has been highly fruitful to the Germans. In this area, they found 65,000 independent establishments of craftsmen, of which 4,735 were in German hands. Today only 34,000 remain, of which 10,000 are held by Germans. The 15,000 Polish retail stores have been diminished by half "in order to assure every German retail tradesman his place of work and his existence and to make of the retail store an important cell of the German structure in Warthegau."

In Upper Silesia, a similar process is under way, save that dispossession of the Poles has taken place more slowly, so slowly that it is felt necessary to apologize and to give assurance that the process will be thoroughly carried out.

In disposing of the confiscated properties, the future German veterans of the war are not being forgotten. Assurance is given that properties are being reserved for them as good as those which have already repassed into private ownership, and a group of companies under the general name of *Auffanggesellschaft für Kriegsteilnehmerbetriebe* has been established to administer the establishments until the veterans can take over.

Presumably the Poles were to have some security in the Government General, yet it is clear that there also the Germans are determined to keep the whip-hand. Of the 25 agricultural machine factories found in the Government General, 16 have been closed down "by a wise rationalization." The nine survivors are permitted to produce only light tools, while the heavy machines are to be purchased from Germany.

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[1]Other sections of this report deal with the major efforts to exploit the agricultural and industrial resources of former Polish territory in the interests of the German war economy. Here it need only be added that the less important industrial potential of the Wartheland is not being neglected. The number of persons employed in industry doubled from April, 1940 to April, 1941, while the state contracts in the first quarter of 1941 increased eight-fold over that of 1940.

In other words, agriculture in the Government General is to remain at the mercy of German heavy industry. Similarly, Polish tradesmen are to be dependent on German merchants. Although the large German merchandizers are not permitted to open branches in the Wartheland, they are being encouraged to take over the wholesale trade in the Government General. Each is allotted a particular district with orders to establish a store to "supply the native Polish retail traders, and at the same time to operate a retail store of its own for the rural population." Finally lest the Germans at home think that the few members of the master race in the Government General are associating on terms of equality with the Poles, the *Deutsche Allgemeine Zeitung* gives assurance that these Germans are exclusively occupied with providing the initiative and leadership. The Germans in charge of agricultural reconstruction in the Government General have said that "the Polish population is cooperating with surprising willingness," but the words of the notorious Greiser, *Gauleiter* of the Wartheland, on November 6th, 1940, have the ring of truth:

> "In the struggle which the German nation is now waging for its destiny, Poles will have to work as hard as we or harder. Thus the Poles will be enabled to repay in part their debt of blood which they incurred jointly with their leaders. And not only will the present generation have to work for us, but future generations also, for there never will be an independent Polish State again . . . . For the first time in history we shall exploit our military victory politically. Never again will a centimeter of the land we have conquered belong to a Pole. Poles can only work among us; but not as masters, for they have proved themselves incapable as such, but only as laborers." *Polish Fortnightly Review*, June 1, 1941, p. 2

While the bulk of those who have migrated to Germany since the fall of 1939 have been used to construct the "living wall of German men" in

the annexed Polish territory, others have been settled in what was once Czechoslovakia. Indeed, Germanization of the Protectorate began in March 1939. In the two years following, approximately 150,000 Germans from the Old Reich settled in the Protectorate and were placed for the most part either in the civil administration or in industry. Members of the *Wehrmacht* and the Gestapo came also, in even larger numbers.

The year 1941 brought a new and high wave of German settlement in the Protectorate - or rather, two waves; one of immigrant peasant *Volksdeutsche* to rural areas, the other of Sudeten German workers to the factories. The latter movement has followed a reversal of the industrial trend in the Protectorate. The Germans at first tended to move industrial plants and equipment into the Reich, but in 1941 this gave way to plant expansion in the Protectorate, particularly in the consumers' goods industries. The need for additional labor was met by the introduction of an indeterminate number of German workers, mainly from the Sudetenland, both to work themselves and to supervise the Czech workers. The German population of Prague has risen from 40,000 in 1939 to over 200,000, mainly industrial workers, but as the total population of Prague is over a million, it is still overwhelmingly Czech.

Meanwhile, approximately 30,000 of the peasant immigrants from Bessarabia and Bukovina (exact figures are not available) have been "resettled" in rural areas. Plans were made as early as 1939 for this movement, but the real effort came only in 1941 and may have been checked by the war with Russia. To make room for the "colonists," thousands of Czech farmers have been systematically driven from their ancestral

lands. In contrast with Poland, the expropriates have been given some compensation, but it has been pitifully meagre, between one-tenth and one-fifth of the actual value of the property. It is presumed that the exiles have been scattered throughout the Reich. Their favored successors have been established at locations carefully chosen to serve one of two purposes. One has been to build up a German peasant community near an industrial center or military garrison, in either case a nuceus of German strength, in an otherwise purely Czech area. The second purpose has been to extend the "living wall of German men" from Upper Silesia across the central Moravian "waistline" of Czechoslovakia by way of Bruenn, Iglau and Obmuetz to lower Austria. This effort has been facilitated by a number of old German enclaves along the line.

So the human East Wall grows. But is it being constructed far enough to the East? German migrants from Bessarabia as well as *Reichsdeutsche* are reported to be settling also in Slovakia, although with less brutality and on a smaller scale than in Poland or the Protectorate. This German wave may bring to mind the threat contained in Hitler's speech of October 6, 1939:

> "..it is not a case of the problem being restricted to this particular sphere; but of a task with far wider implications, for the east and south of Europe are to a large extent filled with splinters of the German nationality, whose existence they cannot maintain."

The German advance into Russia has expanded the German conception of the "continental European living space," as revealed in press and periodicals. Recent articles on the subject under consideration betray a determination to extend the "resettlement" of Germans deep into Russia, but this was before the present German retreat began.

APPENDIX I

EXPANSION OF GERMAN BANKING INTERESTS IN EUROPE

The following table offers a summary of the expansion of German bank holdings in the rest of Europe up to the end of the autumn of 1941. It lists only those acquisitions made since the absorption of Austria, and does not include Norway. The size of the list impresses one with the speed and thoroughness of German acquisitiveness.

German Bank	*Foreign Connection*	*Capital*	*Interest*
The Protectorate			
Deutsche Bank	*Bohmische Union-Bank*, Prague, 11 Branches, 4 sub-branches, including the *Prager Credit Bank* with 6 foreign affiliates in Pressburg, Sofia, Bucharest, Belgrade, New York, London. (Formerly *Anglo-Prager Credit Bank*). Also took over *Deutsche Agrar und Industrie Bank.*	100 Million Kronen	Majority
Dresdner Bank	*Böhmische Escompte-Bank*, Prague, 9 Branches, 2 sub-branches. Took over *Deutsche Agrar und Industrie Bank.*	100 Million Kronen	Majority
Commerzbank	Representation in Prague.		Representation
Bank der Deutschen Arbeit	Branch in Prague.		Branch
Kreditanstalt der Deutschen	*Böhmisch-Mährische Bank*, Prague, (formerly *Legiobank*).	10 Million Kronen	Representation
Kredit-Anstalt Bank Verein, Vienna	*Mährische Bank*, Brünn		Affiliate

(b)

The Government General (Poland)			
Dresdner Bank	*Kommerzialbank A. G.*, Krakau, Branch in Tarnow	1.5 Million Zlotys	100 per cent ownership
Creditanstalt Bankverein[1]	Branch in Krakau		Branch
Commerzbank	Branch in Krakau		Branch
Bank der Deutschen Arbeit	Branch in Krakau (Oct. 27, 1941)		Branch
The Netherlands			
Deutsche Bank	*H. Albert de Bary & Co.*, Amsterdam	15 Million Dutch Florins	Majority
Dresdner Bank	*Handelstrust West N.V.*, Amsterdam (newly established).	1 Million Dutch Florins	
Commerzbank	*N. V. Rijnsche Handels Mij*, (newly established).	3 Million Dutch Florins	
Bank der Deutschen Arbeit	*Bank voor Nederlandsche Arbeid*,[2] Amsterdam, (newly established; branch in Rotterdam is planned).	1 Million Dutch Florins	
Berliner Handelsgesellschaft	*Koopmans Bank*, Amsterdam	3 Million Dutch Florins	Minority Participation
M. M. Warburg & Cie., Berlin	*M. M. Warburg & Cie*, Amsterdam		Taken over

[1] Also a representative of the *Deutsche Bank*.

[2] Authorized capital of 3 Million Dutch Florins.

(c)

Belgium			
Deutsche Bank	Representation in Brussels		Representation
Dresdner Bank	*Continentale Bank S. A.*, Brussels (newly established)	10 Million Belgian Francs	
Commerzbank	*Banque Hanseatique S. A.*, Brussels	10 Million Belgian Francs	
Bank der Deutschen Arbeit	*Banque de Travail, S. A.*, Brussels (newly established)	10 Million Belgian Francs	
Slovakia			
Creditanstalt-Bankverein	*Unionbank*, Pressburg	50 Million Kronen	Majority[1]
Länderbank, Vienna	*Deutsche Handels- und Kreditbank*, Pressburg, 10 main branches.	33 Million Kronen	100 per cent ownership
Dresdner Bank	*Deutsche Handels- und Kreditbank*, Pressburg.		Subsidiary
Hungary			
Länderbank. Vienna	*Wechselstuben A.G. Mercur*, Budapest.	.5 Million Pengö	100 per cent ownership
Creditanstalt-Bankverein	Branch in Budapest		Branch[2]
Dresdner Bank	*Wechselseitige A.G. Mercur*, Budapest.		Subsidiary
Bulgaria			
Deutsche Bank	*Kreditbank*, Sofia, 3 branches.	50 Million Lewa	Majority

[1] Four-ninths of the capital deposited with the *Böhmische Unionbank*, Prague, (a concern of the *Deutsche Bank*).

[2] In 1940, strengthened by an increase in capitalization.

R u m a n i a			
Deutsche Bank	*Banca Comerciala Romana*, Bucharest 6 main branches.	300 Million Lei	Majority
Dresdner Bank and *Commerzbank*	*Rumanisches Bankanstalt*, Bucharest 5 main branches.	200 Million Lei	Majority and Minority respectively.[1]
Commerzbank	Representative in Bucharest (up to date, October 24, 1941).		
Dresdner Bank	*Societata Bancara Romana*, Bucharest, (up to date October 17, 1941).		
Berliner Handelsgesellschaft	*Banca Chrissoveloni S.A.*, Bucharest,	100 Million Lei	Minority participation.
Reichs-Kreditgesellschaft and *Dresdner Bank*	*Banca de Credit Roman*, 10 main branches.	400 Million Lei	Minority participation.[2]
J u g o s l a v i a			
Weiner Credit-Bankverein *Deutsche Bank* *Dresdner Bank* *Reichs-Kreditgesellschaft*	*Allgemeiner Jugoslowischer Bankverein*, Belgrade and Zagreb, 2 branches.	100 Million Dinars	Majority[3] Minority Minority Minority
Dresdner Bank	*Jugoslav Bank* in Zagreb		Taken over control
T u r k e y			
Dresdner Bank	Branches in Istanbul/Galata and Izmir (Smyrna), formerly *Deutsche Orientbank*.		Branch

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[1] The banking firm of *Japhet & Co.*, London, has an additional small holding; the firm, however, is no longer represented on the Board of Directors.

[2] The former small interest of the *Deutsche Bank* has been taken over.

[3] The *Böhmische Unionbank* (controlled by *Deutsche Bank*), and the *Basler Handelsbank* participate also with small percentages.

FREE

Greece			
Deutsche Bank	*National Bank of Greece*, Athens		Working Agreement
Dresdner Bank	*Greek-German Financial Society*	35 Million Drachmas	Half Interest
Commerzbank	*Banque Commerciale de Grece*, Athens (with a network of affiliates in Greece; capital and reserves, 233 Million Drachmas)	233 Million Drachmas	Working Agreement
France			
Bank der Deutschen Luftfahrt	*Aerobank*, Paris	200 Million Francs	Branch
Dresdner Bank	Agency in Paris		Agency
Commerzbank	Agency in Paris		Agency
Reichskreditgesellschaft	Agency in Paris		Agency
Berliner Handelsgesellschaft	Agency in Paris		Agency
Baltic Countries			
Dresdner Bank	*Handels und Kreditbank*, Riga (with 7 branches: Reval, Kauen, Minsk Narwa, Libau, Schaulen and Wilna)	500,000 Reichsmark	Subsidiary
Bank der Deutschen Arbeit	Has opened branch in Riga		Branch
Commerzbank	Has opened branch in Reval		Branch
	Has opened branch in Riga		Branch
	Has opened branch in Tallinn		Branch

(f) *FREE*

C r o a t i a			
Dresdner Bank	*Kroatische Landesbank*, Agram		Subsidiary
Former Poland			
Dresdner Bank	*Ostbank A.G.*, Posen, has branches in Leslau, Bromberg, Hohensalza, Kalisch, Kutno, Rawitsch.	3 Million Zlotys	Majority

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N. B. The original table contained in "Die deutschen Bankinteressen in Kontinental-Europa," *Bank-Archiv*, May 15, 1941, has been enhanced by later information.

APPENDIX II

EXTENSION OF GERMAN CONTROL IN INSURANCE

Illustrations of the extension of German control of insurance, chosen mainly from events of 1941, are given as follows:[1]

France and Belgium

In France, the offices of the English companies have been closed down entirely; in Belgium they were transferred to other hands. The Germans recognized afterwards that for their purposes the Belgian method was preferable, for in Belgium the German insurance companies took over the English businesses as going concerns and, in addition, opened up 16 new agencies. Negotiations between the Reich Insurance Group and the French Insurance Group had, up to May 26, 1941, led to the following agreements: (1) French reinsurance companies are to join the Munich Pool, the German-controlled organization for dominating the reinsurance of the Continent; (2) German insurance companies are to be permitted to carry on business in France. So far, the German insurance companies have opened 17 new agencies in France, but up to May, 1941, they showed hesitation in pressing sales in this highly competitive field. The *Nordstern*, one of the largest German companies, is reported to have acquired most of the former English business.

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[1]For a discussion of the situation in 1940 see the issue for Nov. 8th, 1940 of the *Deutsche Volkswirt*. For information on insurance in 1941 see the London *Economist*, Aug. 30, 1941; *Kölnische Zeitung*, May 26, 1941; *Frankfurter Zeitung*, May 11, Oct 22, 1941; *Der Deutsche Volkswirt*, Oct. 3, 1941.

The Netherlands

In the Netherlands, the London *Economist* has reported (August 30, 1941) the establishment of twenty German offices. The Germans have taken possession of the business of the British insurance companies and have demanded a large percentage of the Dutch fire business. The number of Dutch companies is being reduced and some are being brought under German control.

Luxemburg

Concessions to do insurance business in Luxemberg were all cancelled on May 10, 1941. The French, Belgian and English insurance companies were thus eliminated and their business transferred to a number of the larger German companies as trustees. Only three Luxemberg companies were allowed to continue in operation, plus a few which belonged to countries not involved in the war. Since the last war, the German insurance companies had neglected the field in Luxemburg; the present German military victory has reopened the area to them.

Eastern Europe

In Eastern Europe the German insurance companies have found almost a clear field for action, but at the same time a risky one. The Munich Reinsurance Pool has been especially active in making the area more attractive to German insurance companies by covering the great risks involved.

Rumania

In Rumania, the Germans participated in the founding of two new new insurance companies in 1941, the *Danubia S. A.*, Bucharest, and the *Wiener Allianz S. A.*, Bucharest, each with a capitalization of twelve million Lei.

One Company's Expansion

The report of the *Victoria-Versicherungsgruppe*, one of the largest German insurance companies, for 1940 and the first part of 1941, illustrates this expansion into non-German areas. It has taken over British insurance in all parts of Europe: in Scandinavia, eastern and western Europe, and the Balkans. Even before the war, it was active in 18 foreign countries; it grasped the opportunities for expansion quickly. In the West it has established new offices and benefited from trusteeships, in the eastern and southeastern European countries it has enlarged its interests in all lines of insurance, profiting by such acquisitions as the administration of the business of the *Florjanka* insurance company at Krakau.

APPENDIX III

FOREIGN HOLDINGS OF A. G. REICHSWERKE HERMANN GÖRING.

The original company, *Reichswerke A. G. für Erzbergbau und Eisenhütten "Hermann Göring,"* founded in 1937, is now of only third-rate importance in the great concern, which since 1939 has been headed by the corporation named above. In the winter of 1940-1941 three sub-holding companies were established between the parent corporation and the individual companies. These sub-holding companies are as follows: *Reichswerke A. G. für Berg- und Hüttenbetriebe "Hermann Göring,"* capitalized at 1,264,000,000 RM. and headed by Körner; *Reichswerke A. G. für Waffen und Maschinenbau "Hermann Göring,"* capitalized at 147,000,000 RM. and headed by Röhnert; *Reichswerke A. G. für Binnenschiffahrt "Hermann Göring,"* capitalized at 45,000,000 RM. and also headed by Röhnert. Capitalization may be much larger than the figures given above. Since it has not been possible to determine all the companies belonging to each of the sub-holding companies, the latter have been omitted here. Nor does the following list include holdings within Germany proper.

Austria

Alpine Montan A. G. "Hermann Göring" (formerly *Alpine Montan Gesellschaft).* Under direct control of Göring Concern. Owns famous Erzberg ore mountain and has the following subsidiaries, some of which are said to be holding companies:[1] *Austrian Machinery Co., Trade and Industries Corporation, Pittels Nefte Corporation, Vienna, Marter Coal Works Corporation,* and *Graz Koflacher Corporation.*

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[1]For references, see last page of this appendix.

and *Graz Koflacher Corporation.*

Steyer-Daimler-Puch A. G. Leading Austrian manufacturer of automobiles and bearings, and formerly of armament. Göring Concern participates in financial control.

Carinthian Iron and Steel Works, Ferlach.

Simmering-Graz-Pauker A. G. für Maschinen-, Kessel- und Waggonbau. Combination of three firms: the *Simmering Maschinen-und Waggonbau, A. G.,* the largest railroad car factory in Austria with many holdings in other Austrian machinery and bridge building companies; the *Grazer Maschinen- und Waggonbau A. G.;* the *Paukerwerke A. G.,* manufacturer of light machine tools. Financial participation of Göring Concern.

Steirische Gussstahlwerke A. G. Manufacturer of special steel. Financial participation.

Feinstahlwerke Traisan A. G. Special steel. Minority participation. The largest Austrian ammunition plant at Hirtenberg.

Benzolvertrieb der Reichswerke "Hermann Göring," Vienna. Oil distribution; formerly *Fanto A. G.* Direct control.

Veitscher Magnesitewerke A. G. Minority participation.

Bau A. G. Negrelli. Financial participation.

Wohnungsbau A. G. der Reichswerke "Hermann Göring," Linz. Direct control.

Czechoslovakia

Waffenwerke Bruenn or *Brno*. According to the last annual report, employment, production and turnover continued to increase, gross profits increasing in 1940 from 281.2 to 394.4 million crowns. *Brno*, itself in the Göring Concern, now controls *Skoda*. Seventy-five per cent of the stock of *Brno* was transferred from the possession of the Czechoslovak State to the Göring Concern. *Brno* then took over the stock in *Skoda* owned by the State and also bought the majority holding of *Schneider-Creusot*. *Brno* also holds shares in the following companies: *Rokycan* cartridge works; the *Explosiva* Works and the Prague *Synthesia*, both having other German holdings; the *Northern Railway* and the *Stadion* wheel factory; the *Optechnika* optical works and the Rumanian *Resica*. The management of *Brno* is said to be preparing now for peace-time production, especially machines, optical products, bicycles and typewriters. The manufacture of automobiles was abolished. The general manager of *Brno* is now Wilhelm Voss, a general director in the Göring Concern.

Skoda. Financial participation. Volume of business reached new high in 1940. Subsidiaries: *A. G. für Automobilindustrie, Bau A. G. "Konstruktiva," Aussenhandelsgesellschaft "Omnipol"* and/or *Slowakische Omnipol A. G., "Avia" A. G. für Flugzeugindustrie.*

Witkowitz (Vitkovice). Iron ore mines. Financial participation.

Werk Dubnica.

Werk Povazska Bystrica.

Eisenwerke Podbrezova A. G. and/or *Podbrezova Berg und Hütten A. G.* in Slovakia.

Ruda Bergbau- und Hüttenbetriebe A. G. in Slovakia.

(Göring Concern is said now to control all heavy industry in Slovakia.)

Sudetenländische Bergbau A. G., Bruex. Owns half of lignite mines in northern Czechoslovakia. According to last annual report, 73 per cent increase in gross profits over previous year. Control divided between Göring Concern and *Vereinigte Industrie-Unternehmungen, A. G.*, a state-owned holding company. On basis of these lignite mines, construction began in May 1939 on *Sudetenländische Treibstoffwerke A. G.*, Bruex. This is said to be largest synthetic oil plant of Greater Germany.

Wohnungsbau A. G. "Hermann Göring" has been commissioned to carry out a comprehensive building program to alleviate the great need in the Bruex area.

The mining of hard coal *(Steinkohle)* increased in the Protectorate by 6.5 per cent during 1940; that of soft coal by 19.4 per cent, and that of iron ore by 10.4 per cent.

Two of the largest automobile manufacturers in Central Europe, the *Ringhoffer-Tatra*, and the *Böhmisch-Mährische*, have recently made an agreement for economic and technical cooperation and reduction of number of models. Both firms are located in Prague, while the latter has subsidiaries throughout Czechoslovakia. It is said that the firms are connected with the Göring Concern through interlocking directorates, but confirmation of this is lacking.

Poland

Ostrowitz Steel and Machinery Company.

Certain Litzmannstadt concerns -- machine tools and textile plants.

Rumania

Rumänisch-Deutsche A. G. für Eisenindustrie und Handel, Bucharest. Capital of 150 million Lei of which Rumanian government holds 50 per cent. This acts as directing company *(Betriebsgesellschaft)* for the following:

Reschitzaer Eisenwerke und Domänen A. G. Göring Concern holds at least 13 per cent of the stock directly and 7 per cent through *Brno*. *Reschitzaer* accounts for 80 per cent of Rumania's steel production and for 50 per cent of its locomotive manufacture; it owns a number of coal, iron and manganese mines, armament works and shops making agricultural machinery and bridges. It holds a majority interest in *Astra* (in which *Brno* holds a minority), a Rumanian car, motor, arms and bridge works at Brasov, through which also the Göring Concern has a minority interest in *Industria Aeronautica Romana.*

Malaxa Combine. Controls a number of the leading Rumanian iron and steel plants and has a modern rolling mill. Göring Concern has a "cooperation agreement" with *Malaxa.*

Copsa Mica. Metallurgical works and armaments. Financial participation.

Norway

Dunderland iron mines. Financial participation.

Lorraine

Union des Consommateurs de Produits Metallurgiques et Industriels, located in Hagendingen, with an additional plant in Safe, Lorraine.

Les Petits-Fils des F. de Wendel et Cie, located in Hayingen and Moevern-Rosslingen.

Both these concerns were once the property of Fritz Thyssen; they have been taken over by the Göring Concern and are operated by its so-called "Lorraine Division."

Russia

Berg und Hüttenwerksgesellschaft "Ost" m. b. H. The foundation of this firm is reported by *Die Zeitung* (London, September 27, 1941, page 7) which states further that Göring in his capacity as leader of the Four Year Plan had directed that all industrial property in the occupied area of Russia should come into the exclusive possession of the firm. The firm is capitalized at the modest amount of 60,000 RM. but it is suggested that the Government may lend the firm the considerable sums necessary to put the seized plants in running order again. It is not specifically stated that this firm is to be a subsidiary of the Göring Concern, but this probability is strengthened by the fact that the leader of the firm is to be Pleiger, who has been prominent since becoming general director of the Göring Concern.

Shipping

Following are the shipping interests of the Göring Concern: *Deutsche Donau-Schiffahrtsgesellschaft* (D. D. S. G.) Appears abroad as *Deutsche Donauschiffahrts-Gruppe* and includes the following subsidiaries of *Reichswerke A. G. für Binnenschiffahrt "Hermann*

Göring": *Donau Dampfschiffahrt A. G.* (formerly owned by Austrians), which has combined with the *Deutsche Levant-Linie* to form the *Schwarzmeer-Donau-Dienst; Bayrischer Lloyd, Königlich Ungarische Schiffahrtsgesellschaft, Slowakische Donau-Schiffahrts A. G.* In addition to its shipping holdings (*circa* 50 per cent), D. D. S. G. has the following interests: Wharf activities at Kornenburg, Budapest, and Linz; coal mines at Fünfkirchen, railroad joining Fünfkirchen and Mohacs.

Continentale Motorschiffahrt A. G. (formerly Dutch). Affiliates: *Bulgarische Donauschiffahrts-A. G.* and *Societa Italiana di Navigazione Danubiana "Sinda."*

Galati shipbuilding company, Rumania. Minority interest of Göring Concern through *Reschitzaer* and *Astra*.

Kurt Lachmann, "The Hermann Göring Works" in *Social Research*, February, 1941, pp. 24-40; Cable dispatch of Stephen Laird dated February 13, 1941: *Frankfurter Zeitung*, June 28, 1941, page 5; Czechoslovak Economic Council, Inc., *Bulletin* No. 1, January 2, 1942, pages 6-11; *Der Deutsche Volkswirt*, October 3, 1941; *Neues Wiener Tagblatt*, September 1, 1941; *Die Zeitung* (London), July 18, 1941; Mrs. Sladek in the Legislative Reference Section of U. S. Library of Congress; *Frankfurter Zeitung*, October 19, 1941, page 5; *Neue Zürcher Zeitung*, October 14, 1941, page 7.

APPENDIX IV

EXPANSION OF GERMAN HEAVY INDUSTRY OTHER THAN HERMAN GOERING WERKE

Norway

The iron ore in Norway's rich deposits is notable for its low phosphorous and high iron content. Total output of ore is now being shipped to Germany to be smelted in the Ruhr. Copper, zinc, and nickel deposits, upon which Germany is doubtless levying, also abound in Norway.[1]

Holland

Nederlandsche Hoogovens en Staalfabrieken N. V., Ijmuiden. This concern, which is both an operating and a holding company, formerly held 20 million RM. in shares of *Vereinigte Stahlwerke.* The situation is now reversed in that the latter has "purchased" the shares of both the Dutch government and the city of Amsterdam in the Netherlands concern. Thus *Vereinigte Stahlwerke* holds at least one-third interest in *Nederlandsche Hoogovens.* "Thanks to this cooperation," new capital (approximately 25 per cent of the old) has been brought into the concern, and some plant expansion has taken place.[2]

Lorraine

Name of Firm	*Taken over by*	*Remarks*
Hauts Fourneaux et Aciéries de Thionville	*Röchlingschen Eisen- und Stahlwerke*	Plant now known as *Karlshütte*; said to have belonged to Röchling until 1919.

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[1] *Neues Wiener Tagblatt*, May 25, 1941, page 10.

[2] *Deutsche Zeitung in den Niederlanden*, September 29, 1941, page 5.

Lorraine (Cont'd.)

Name of firm	*Taken over by*	*Remarks*
Societe Metallurgique de Knutange	*Klöckner-Werke A. G., Duisburg*	Plant now known as *Kneuttinger Konzern.*
Forges et Acieries du Nord et Lorraine	*Neunkircher Eisenwerk A. G.*, Neunkirchen	Plant now known as *Ueckingen.*
Societe Lorraine des Acieries de Rombas	*Friedrich Flick A. G.*, Berlin	Plant now known as *Rombacher Hüttenwerke;* located in Rombach and Machern.

Fritz Thyssen interests.[1]

Luxemburg

Name of firm	*Taken over by*	*Remarks*
Societe des Hauts Fourneaux et Acieries, located in Differdingen, Oettingen and Rümeling.	*Vereinigten Stahlwerke A. G., Düsseldorf*	This group sometimes known as "Hadir."
Rolling mill of "Hadir" in St. Ingbert.	*Dillinger Hüttenwerk*, Dillingen in Saar.	
Acieries Reunies de Burbach-Eich-Dudelange, "Arbed", with plants in Esch-Schifflingen, Belval, Rothe Erde, Düdelingen, Deutsch-Oth, Dommeldingen and Burbach.		Remains an independent company with seat in Luxemburg. To be given German name, but to retain "Arbed."
Societe Anonyme d'Ourgree-Marihaye Rodingen.[2]	German concern as yet unidentified.	

Spain

In the greatest Spanish smelting plant, *Altos Hornos de Viscaya*, a new blast furnace has been built in cooperation with a German firm.[3]

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[1]Refer to the *Lorraine* section of "Appendix III."

[2]*Stahl und Eisen*, V. 61.2 (1941) page 407.

[3]*Frankfurter Zeitung*, November 6, 1941, page 5.

Austria

After the *Anschluss* of 1938, German industry rapidly expanded its interests in Austria. In addition to the advance of the Goering Concern, the Stinnes interests established a company for mining and smelting. The *Leobersdorfer Maschinenfabrik* in Lower Austria fell into German hands, and the *Lanz A. G.* took over the machine plant of Hofherr-Schrantz.[1] Since the outbreak of war, little additional detail has become available as to continued German expansion. The *Frankfurter Zeitung* (September 22, 1941) reports that Vienna has become a center of the motor industry and is engated in quantity production of the new wood-gas generators.

Czechoslovakia

Mannesmannröhren-Werke, Düsseldorf, obtained possession of the Oscar and Anselm pits from the *Witkowitz* ironworks,[2] in which the Göring Concern has also gained a share. The Mannesmann Concern also has an interest in the *Prager Eisen-Industrie-Gesellschaft*. Blast furnaces of the latter company at Klandno and Königin Hof are supplied from the mines at Chrustenice, Zdice, the Erzgebirge and Nucice; the manganese ore from Chvaletice. The capitalization of the *Prager* was increased in 1939, only to be doubled in 1940, *inter alia* to purchase a majority interest in the hard coal mines *Orlova-Loza*, thus securing its supply of coal. Now the *Prager* is building its own coking plants. Another subsidiary, 51 per cent of whose stock is controlled, is the *Böhmische Montan-Gesellschaft A. G.*, Prague.

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[1]Hans Behrend, *Real Rulers of Germany*, page 200.

[2]Hans Behrend, *Real Rulers of Germany*, page 206.

The *Dresdner Bank* has gained shares of the world-renowned steel works, *Poldina Hut' (Poldihütte)* and of the largest cement works at Králové Dvur. According to its last report, *Poldina Hut'* was operated to capacity in 1940, its turnover increased by 25 per cent, but the exports declined by 28 per cent. Additional gains registered by the Germans through their control of Czech banks are shares in: *Krizik* (electrotechnics), *Odkolek* (mills), the Prague mills, *Sellier* and Bellot (ammunition), *Explosiva* and *Synthesia* (explovives) and a number of smaller concerns in various branches of industry.[1]

Poland and Upper Silesia

The most conspicuous development here has been the concentration into a single newly-constituted province, *Oberschlesien*, of the rich coal and iron areas, which were formerly divided between Poland, Germany and Czechoslovakia. "By this step, for the first time in the economic history of this sector of Europe, the Germans united the great coalfield, which previously belonged to three States, into a single administrative unit." In 1940, this area produced about 100 million tons of coal, which is approximately 41 per cent of British pre-war coal output, as well as great quantities of iron ore and other industrial products, the figures for which have not been given out by the Germans.[2] It is hardly necessary to add that this reorganization, which was obviously conducted in the interest of a unified economic administration, has been accompanied by systematic expropriation of any foreign holdings.[3] For instance, a

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[1] *Stahl und Eisen*, April 24, 1941, page 439: Czechoslovak Economic Council, *Bull.* 1, Jan. 2, 1942.

[2] *Polish Fortnightly Review*, October 1, 1941, pages 6-7.

[3] "Berg-Hütte" deutsch; Schneider-Creusot räumt seine letzte Bastion in Mitteleuropa" in *Das Reich*, February 2, 1941: page 14.

German consortium under the leadership of the *Deutsche Union-Bank* in Prague, an affiliate of the *Deutsche Bank*, has taken over the majority holdings of *Schneider-Creusot* in *Berg-Hütte*, formerly of Prague, which is described as having the best coal mines and coking plants in the Karwin area, and, at Tryznietz, the most modern steel works in the whole Southeast. This company participates in a number of other concerns, among which are the factory for wire and chains in Vamberk, the sheet-iron factory at Vilimov and the firm *Wurm Brothers* at Kolin.[1]

Some famous German corporations, such as Ballestrem, *Schaffgotsch*, and *Pless*, are recovering properties taken over by Poland after 1919. Through the benevolent instrumentality of the *Haupttreuhandstelle Ost*, for example, the Ballestrem concern has recovered the 52 per cent of *Oberschlesische Friedenshütte A. G.*, Kattowitz, which it had been obliged to sell to the Polish Government after the First World War, and has also further strengthened its majority position in *Ferrum A. G.*, Kattowitz, through which it controls the following: *Maschinenfabriken* in Sosnowitz and Dombrowa, (these plants belonged to a company whose other holdings lie in the Government-General and, therefore, are subject to its *Truhandstelle*, thus evading Ballestrem to date); 26 per cent in the *Oberschlesische Lokomotivwerke A. G.*, the other 74 per cent of which is held by the firm of *Henschel u. Sohn in Kassel* and which in turn now controls the *Erste Polnische Lokomotivefabrik A. G.*[2]

During the war, some industrial plants in Upper Silesia have been expanded, others built. An extensive development of the coal-chemicals

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[1]Czechoslovak Economic Council, *Bull.* No. 1, Jan. 2, 1942; also *Das Reich*, Feb. 2, 1941, page. 14.

[2]*Die Deutsche Volkswirtschaft*, No. 24, 1941, pp. 880-81; *Die Zeitung*, London, Sept. 1, 1941, page 2; "Die Neuordnung im Ballestrem-Konzern" in *Deutsche Bergwerks-Zeitung*, Aug. 19, 1941, p. 1.

industry is already under way.[1]

Farther north, the *Deutsche Waffen- und Munitions-Fabriken A. G.*, Berlin, having closed its plant in Karlsruhe in 1939 because of its proximity to the war zone, acquired a plant in Posen to take its place. Since the Karlsruhe plant was not touched by the war, it has been brought back into operation, and the Posen plant also is functioning to capacity.[2]

Hungary

A "gentlemen's agreement" has been concluded between heavy industry in Germany and that in Hungary, as reported in the *Neue Zürcher Zeitung* of October 10, 1941.

Yugoslavia

Before the war, *Krupp* had erected armament works at Zenica, including an iron and steel plant, rolling mill, cannon and structural steel mills.[3]

Rumania

Ferrostahl, A. G., Essen, has participated in the foundation of a company, *Ferrostahl Hellmuth North & Co., K. G.*, Bucharest, with initial capital of one million Lei.[4]

Greece

It is reported that with the conquest of Greece, the Germans have taken over "many shipping and mining interests" and the "bulk of Greek industry and commerce," including a powder and cartridge company among others.[5]

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[1] *Die Deutsche Volkswirtschaft*, No. 28, 1941, pp. 1122-23.

[2] *Der Deutsche Volkswirt*, October 3, 1941.

[3] Hans Behrend, *Real Rulers of Germany*, page 211.

[4] *Frankfurter Zeitung*, June 25, 1941, page 5.

[5] *New York Times*, October 21, 1941, page 8, by Harold Denny.

APPENDIX V

EXTENSION OF GERMAN CONTROL IN THE CHEMICAL INDUSTRY

France

The largest French chemical concern, the *Kühlmann Corporation*, has made a working agreement with *I. G. Farbenindustrie*. The terms of the agreement call for an exchange of stock and the mutual utilization of technical processes, and, so the Germans assert, supply the basis for closer future cooperation. The *Kühlmann Corporation* has taken over several lesser French chemical companies since the Armistice, among them, *Societe Industrielle des Produits Pyrytiques*, and *Societe d'Utilisation des Metaux*.

Alsace

The alsatian potash interests owned by the French government since 1919 were first taken over by the *Preussische Bergwerks- und Hütten A. G. (Preussag)*, which later transferred them in trusteeship to *Elsässische Kaliwerke*, a company founded for the purpose of serving as the agent of *Preussag*.

Spain

In Spain, the *Altos Hornos de Biscaya*, the most important Spanish smelting company, is building a nitrogen plant with the aid of *I. G. Farben*. The initial capacity is to be 115,000 tons of sulphurate of amonia.

Denmark

In Denmark the government has determined upon the establishment of a nitrogen plant. For this purpose Danish chemical companies have

made a temporary agreement with *I. G. Farben* whereby the latter will turn over its patents and methods of fabrication to the new plant.

Slovakia

In Slovakia, the *A. G. Dynamit Nobel*, Pressburg, which is closely associated with German firms, has established, together with the *Chemische Fabrik Weisser*, the *Slowakische Gesellschaft für den Handel mit Kunstdünger u. Chemikalien.* This company is to be the central sales organization for artificial fertilizer and has a scientific division to guide Slovakian agriculture and to carry through experiments with fertilizer. It has close relations with the German *Kunstdünger-Verkaufs-Organisation.*

The Protectorate

In the Protectorate, in conjunction with a Dresden firm, *I. G. Farben* acquired the Aussig and Falkenau plants of the *Aussig Union for Chemical and Metalurgical Production*, one of the largest chemical works in Europe. They are supposed to be producing war chemicals.

Rumania

In Rumania, the *Nitrogen A. G.*, Bucharest, has borrowed 40 million lei to invest in its plant, and is obtaining the machinery "aus dem Auslande." This means primarily Germany.

APPENDIX VI

GERMANY AND THE CONTINENTAL ELECTRICAL INDUSTRY

German long-time planning calls for Scandinavia and the Alpine areas to provide the hydro-electric power for a continental grid system.

Norway

In Norway the Germans are already at work expanding the hydro-electric plants. They have apparently acquired the French interests in the *Norsk-Hydro A. G.*, and, in an increase of capitalization of that firm by 50 per cent, a German Norwegian industrial group under the leadership of *I. G. Farben* took 43 per cent of the increased stocks, the remaining being left for the old stockholders. The close cooperation between the German and Norwegian electrical industry for many years before the war is being extended. Already in September 1940 a German-Norwegian *Arbeitsgemeinschaft für den Elektrizitätsausbau Norwegens* was established, and about the same time work was begun on the expansion of the water power resources. The plan calls for laying a cable under the Skagerrak to connect with Denmark and Germany, but a dispatch from Stockholm in the *Neue Zürcher Zeitung*, October 30, 1941, states that the shortage of copper and the threat of British bombing will prevent the construction.

Bosnia

In Bosnia *I. G. Farben* has increased its interest in the *Bosnische Elektrizitäts A. G.*

Upper Silesia

In Upper Silesia, coal interests, both private and those of the State, have founded the *Bergbau-Elektrizitäts A. G.* to utilize their coal.

Representatives of the *Gräflich Schaffgottsche Werke, H. Göring Werke, Preussische Bergwerks- und Hütten A. G.*, Ballestrem, Pless and other interests are participating. They expect to use the power for the improvement of the iron and steel industry, and to expand their scope of their activity with the industrial growth of their region and of those to the East.

Slovakia

In Slovakia large-scale plans for hydro-electric plants are being laid -- for industry, agriculture and transportation.

The Protectorate

In the Protectorate, Reich German interests have acquired control of the electrical power companies; for example the *Zentral-Elektrizitäts Werke* in Prague is controlled by the *Reichs-Elektrowerke*.

France

In France the problem of the expansion of electrical power resources occupied the attention of a special Franco-German conference called for that purpose in the summer of 1941. The French government is planning an ambitious utilization of the hydro-electric resources through a program of building which will take a decade to complete. In the meantime, owing to the scarcity of coal, the industries of occupied France especially are making large demands upon the electrical power plants for energy -- so much so that the Germans as well as the French fear a shortage of supply.

Since Germany practically monopolizes the manufacture of electrical supplies, and indirectly controls all of them (except in Sweden) by her possession of the iron and coal resources, she can decide when, where and what electrical power plants are to be built. It seems clear that while she is expanding her own hydro-electric plants in the Alps somewhat, she is unable to do so on much of a scale, and is having to utilize to the full existing plants, including those run by coal.

APPENDIX VII

EXAMPLES OF THE EXPANSION OF GERMAN CONTROL OVER THE LIGHT METALS INDUSTRY

Norway

After the conquest of Norway, the Germans reorganized the aluminum industry. In Berlin the *Norwegische Aluminium A. G.* with a capital of 20 million RM. was founded. Among the founders were the *Bank der Deutschen Luftfahrt*, Berlin, and the *Junkers Flugzeug und Motorenwerke*, Dessau. The purpose of this holding company was to eliminate especially the influence of the *British Aluminium Co.*, the *Aluminium Ltd.*, Toronto, and the *Pechiney Company* of France.

The Norwegian aluminum factories are all reported to be working to capacity, in three shifts a day, under German leadership. German engineers are modernizing the plants, with new machinery and improved business procedure. Germany is reported to be taking the entire output.

France

In France, the light metals industry is being thoroughly reorganized. The French before the war had been content mainly to export bauxite to England and some to Germany. The entire industry is now being taken in hand by a committee under the chairmanship of a director of the *Pechiney Company*, which produces 88 per cent of French aluminum and 50 per cent of the magnesium.[1] The headquarters of the committee are in Paris. The committee plans greatly to expand the production of these two commodities. A subsidiary of the *Pechiney Company* had already before the war used an electrolytic method of *I. G. Farben*.

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[1]The *S. A. d'Electro-Chemie et d'Electro-Metalurgie et des Acieries d'Ugine*, Paris the other 12 per cent of the aluminum and about 40 per cent of the magnesium.

In reporting the reorganization and expansion of the French industrial production of these two light metals, the *Deutsche Volkswirtschaft*, October 3, 1941, wrote as follows: "It would be entirely possible in this case, as in the recent expansion of the French cellulose industry, that German experience will be used in its further development, especially in the somewhat complicated advanced stages of the manufacture of the light metals. The founding in October of 1941 of the *Aero-Banque Societe Anonyme*, Paris, affiliated with the *Bank der Deutschen Luftfahrt*, Berlin, ...points toward this event."

Hungary

In Hungary, the *Dürenef Metallwerk, A. G.*, a Reich German firm, is establishing a plant for processing Hungarian aluminum.

APPENDIX VIII

EXAMPLES OF THE EXPANSION OF GERMAN CONTROL OVER THE CELLWOOL INDUSTRY

Norway

In Norway, *Phrix* in cooperation with *A. S. Borregaard* of Norway has established the *A. S. Norsk Cellullfabrik*, Sarpsborg, with a capital of 10 million Kronen. *Phrix* owns 26 per cent of the stock and supplies the technical processes and technicians.

The *Norwegische Kunstseide- und Zellwollefabrik A. S.*, Notodden, has already some time ago ordered machines from Germany for the expansion of its plant.

Slovakia

In Slovakia the *Chemische Industrie A. G.*, financed by *A. G. Dynamit Nobel*, Pressburg, and the *Prager Verein*, has built a moderate sized cellulose factory which cooperates closely with *I. G. Farben.*

The Netherlands

In the Netherlands, the *Algemeene Kunstzijde Unie N. V.*, Arnhem, which had a subsidiary plant in Germany producing cellulose, has now taken over the methods of this subsidiary. *Phrix* has permitted the company to use its technique, without participating in the share capital.

Belgium

In Belgium the "Fabelta," *Union des Fabriques Belges Textiles Artificiels S. A.*, Brussels, established a subsidiary company, the

Societe Belge de Fibranne, in 1941, which works closely together with the German *Zellwolle-Ring*. The German company is not merely to supply the technique, but is to aid in obtaining machines and raw material.

France

In France, the artificial silk industries have cooperated to establish the *France Rayonne* for the making of cellulose textiles. A German group participated to the extent of one-third of the capital. The *Thüringische Zellwolle A. G.*, Schwarza, and the *France Rayonne* have participated in the French *Societe Industrielle de May* for making artificial silk. The *Zellwolle-Ring* is participating in the development of the new cellulose factory at Roanne, a firm which is expected to produce 100 tons of cellulose daily. The cooperation between French and German cellulose interests, each being well organized on a national scale, is said to be very close.

Spain

In Spain, a cellulose company was established in 1940 at Miranda, south of Bilbao, in which *Phrix* holds 26 per cent of the capital and provides the technical methods and guidance.

APPENDIX IX

GERMAN CONTROL OF THE EUROPEAN OIL INDUSTRY

Rumania

Die Neue Zürcher Zeitung, August 26, 1941, in an article from Bucharest, stated as follows: In 1939 some 11.8 billion lei were invested in the Rumanian oil industry. Of this amount, 29.7 per cent was Rumanian capital, 22 per cent purely English, 17.8 per cent English-Dutch, 18.6 per cent French-Belgian, 11.9 per cent American. At the beginning of the year 1941, the greatest part of the foreign holdings had been supplanted by Rumanian (a majority interest), German, and, to a small extent, Italian capital. Foreign experts were replaced by Rumanian and German engineers and other experts. The Rumanian oil industry was free now to be incorporated into the plans for supplying Germany. The production and utilization of crude oil and its derivatives is planned by the State in close cooperation with German officials. Immediately upon the outbreak of the war all the oil companies were forced to join the *Vereinigung der Petroleumgesellschaften zwecks Anlage von armeewichtigen Reservelagern*. If a company does not produce up to expectation, it is taken in charge by a Commissar.

Greece

After the conquest of Greece, Germany proposed to rent the property of all oil companies in the country, except *Shell Oil*, which she seized, and to set up a single distributing company for all Greece under the title *"German Oil Trust for Greece."*[1] Since the outbreak of war

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[1]Harold Denny in the *New York Times*, October 24, 1941, p. 8.

with the United States, she has confiscated American interests as well.

Czechoslovakia

Sudetenländische Treibstoffwerke A. G. at Brüx, a subsidiary of the Göring Concern, is said to be the largest synthetic oil plant of Greater Germany. Since the spring of 1940, the *Deutsche Erdöl A. G.* has leased the State oil fields around Gbelv; and in the first half year of 1941 almost doubled the production of petroleum as compared with 1938. There has occurred also the enlargement and modernization of the *Spallo Mineralölraffinerie*, a subsidiary of Pressburg *Dynamit Nobel A. G.*, which in turn is related to the German company of the same name.

Austria

After the annexation, the Stinnes family gained control of a section of Austrian oil production, and *I. G. Farben* built a coal hydrogenation plant.[1]

Hungary

The *Wintershall Konzern* is said to have acquired a controlling interest in the Hungarian oil industry with an annual output of some 300,000 tons, and also to have begun drilling in Hungary through a subsidiary, the *Deutsche-Ungarische Mineralölwerke*.[2]

A Model Company

Kontinentalöl A. G. was organized in the spring of 1941 by German interests to exploit German oil interests abroad. As the *Chemische Industrie*, April 18, 1941, page 227, said, "Through the new foundation the prerequisites are created for systematically provisioning all of

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[1] Behrend, *Real Rulers of Germany*, page 200.

[2] "Nordsiebenbürgen in der Ungarischen Wirtschaft," in *Neue Zürcher Zeitung*, Sept. 21, 1941.

Europe with oil under German control." "The company is a joint undertaking of eight large German combines, including the leading oil companies, the *Deutsche Erdöl A. G.*, the *I. G. Farben, Wintershall A. G., Reichswerke Hermann Göring;* and the leading producers of synthetic oil. More than half of the aggregate capital of the founders is State owned." (London *Economist*, May 10, 1941, page 623).

Dr. Funk, the German Minister of Economic Affairs, is director of the company, and General Georg Thomas, the head of the *Wehrwirtschaft* department of the High Command, is a member of the board of directors. One of the main purposes of the company in Rumania is the centralization of the different operating companies and the supply of drilling and operating material formerly imported from the United States. The London *Economist* adds that "Special efforts will be needed for the manufacture of drilling material because Germany companies are already employed to full capacity." It was hoped that in 1941 some 165 oil wells would be drilled as well as 50 test wells, and that thereby an increase in output of 300,000 tons would be achieved.

This company is regarded by German authorities as a model. In its direction are united bureacracy, party, big industry, and army.

Due to its large size, the following document has been filmed in segments. The order of the segments is as follows: left to right, top to bottom.

THE INDUSTRIAL CORE OF EUROPE

TYPE OF INDUSTRY	PRIMARY IMPORTANCE	SECONDARY IMPORTANCE	LEAST IMPORTANCE	INDUSTRIAL TOWNS
Metallurgical				
Chemical				
Textile				

German Customs Union Boundary

Limit of German Occupation in France

0 50 100 MILES

BALTIC SEA

Berlin

RUHR

SAXONY

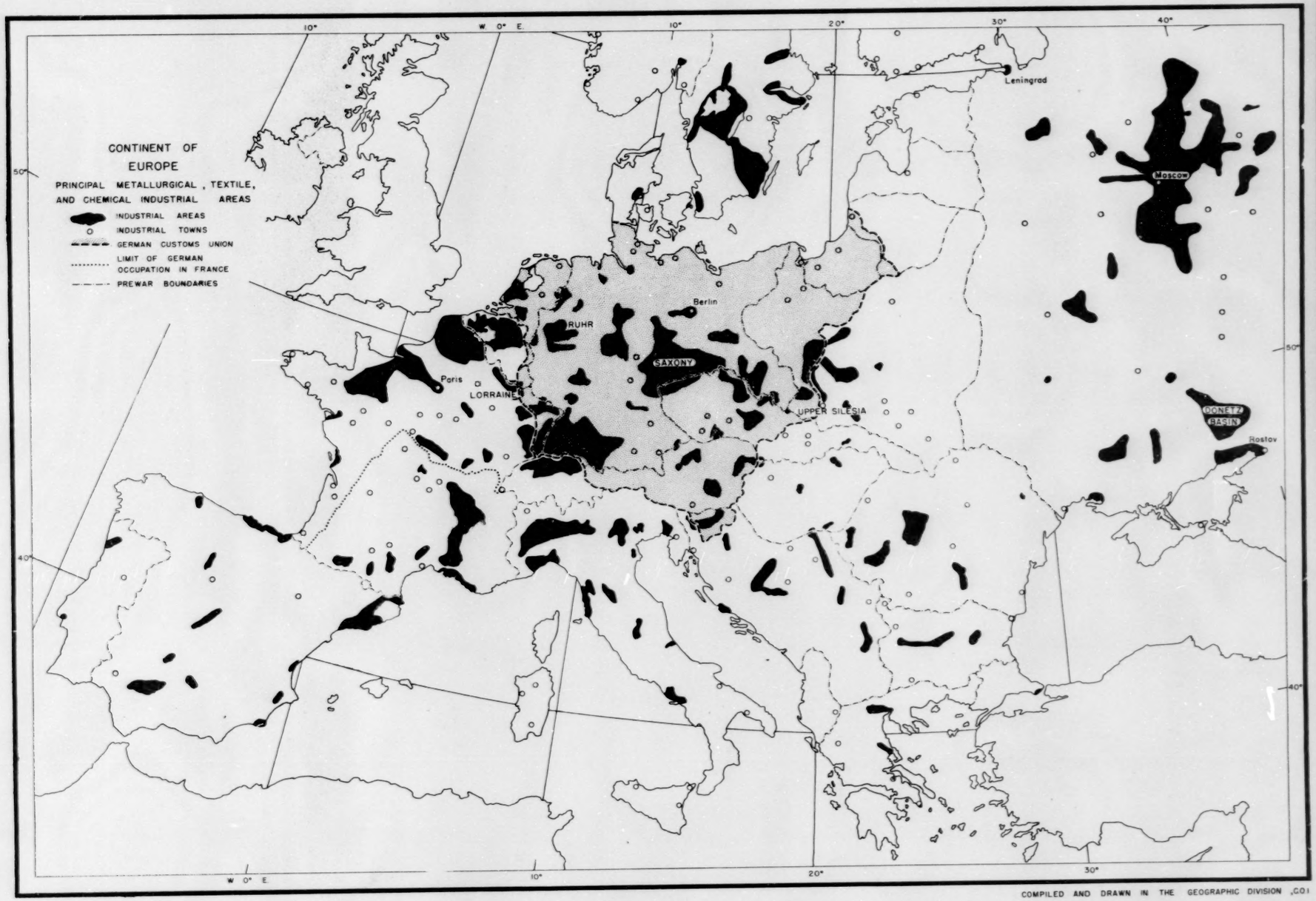
Paris

LORRAINE

UPPER SILESIA

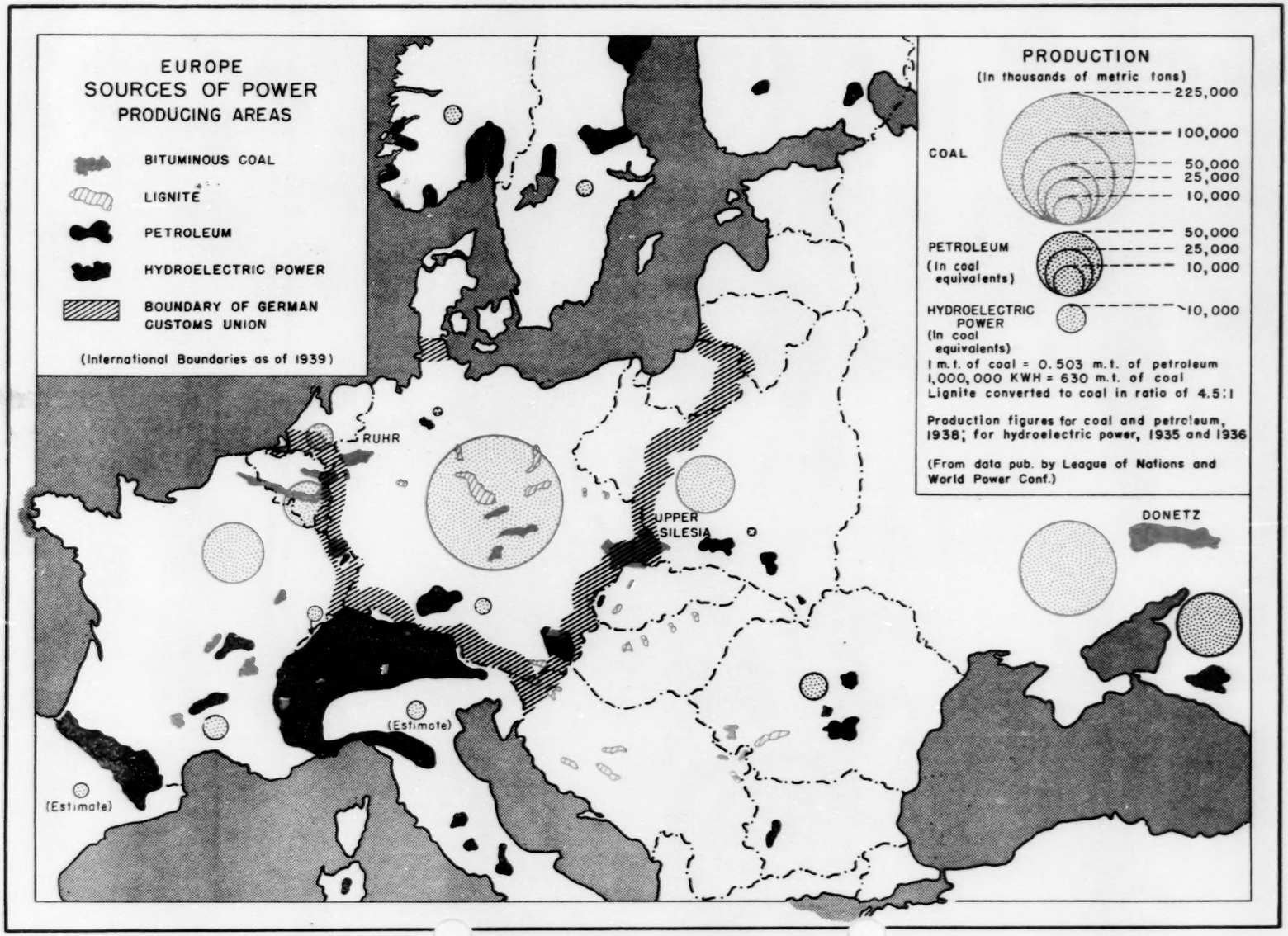
MAP NO. 299 FEB. 12, 1942

COMPILED AND DRAWN IN THE GEOG. DIV. C.O.I.



MAP NO. 302, FEBRUARY 12, 1942

COMPILED AND DRAWN IN THE GEOGRAPHIC DIVISION, CO1



MAP NO. 301, FEB. 11, 1942

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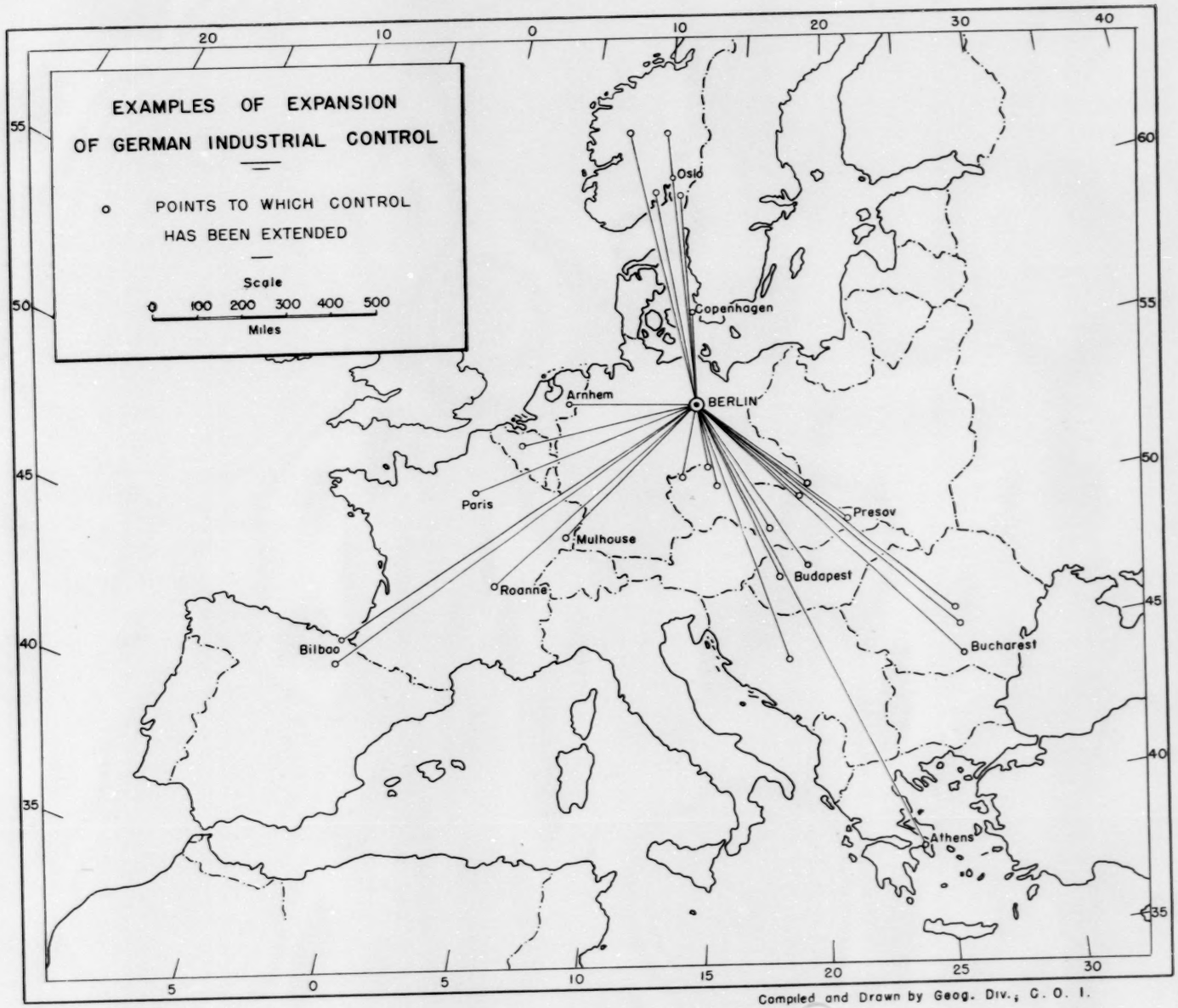
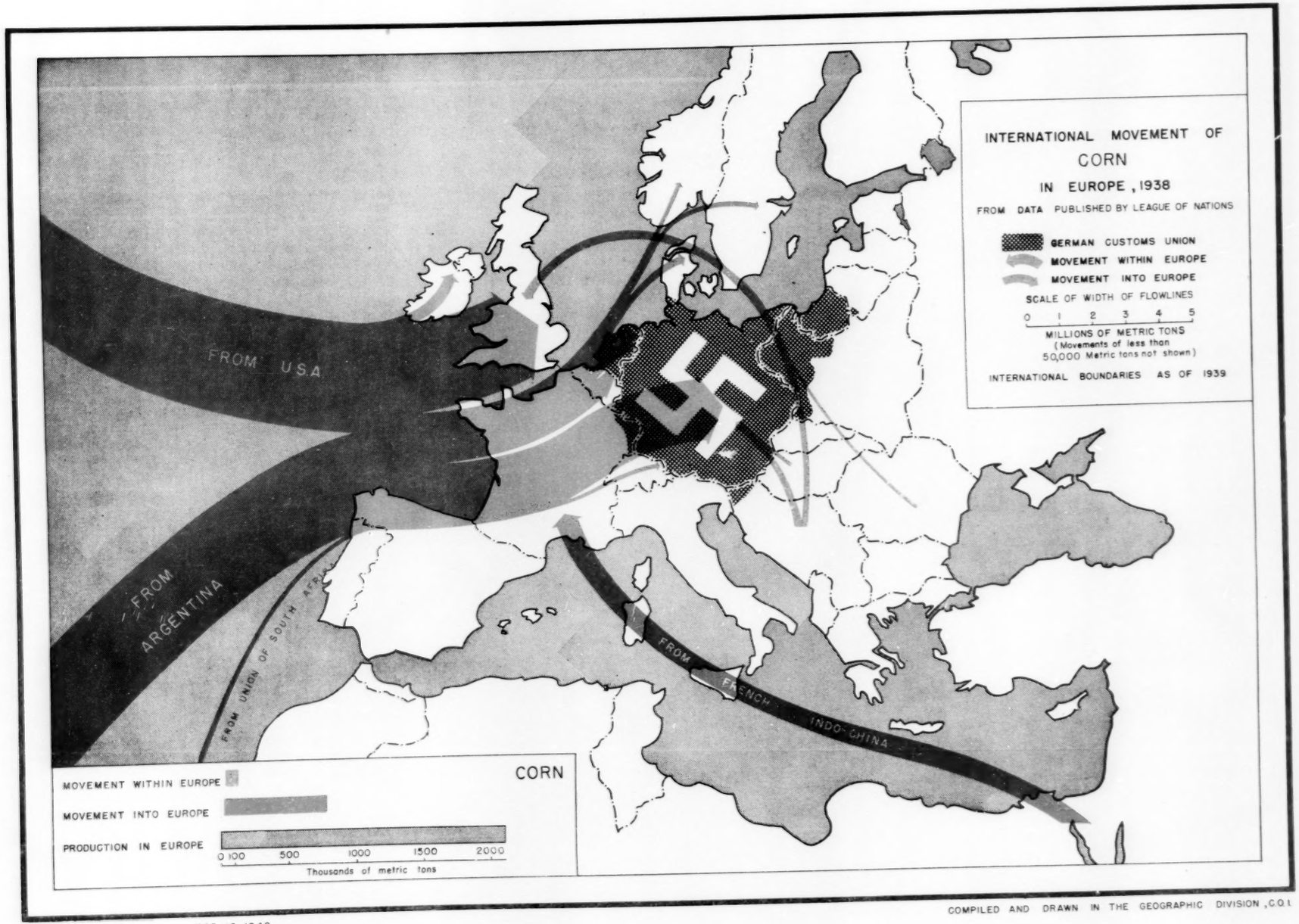


Map No. 303

Compiled and Drawn by Geog. Div., C. O. I.



MAP NO. 296 FEB. 10, 1942.

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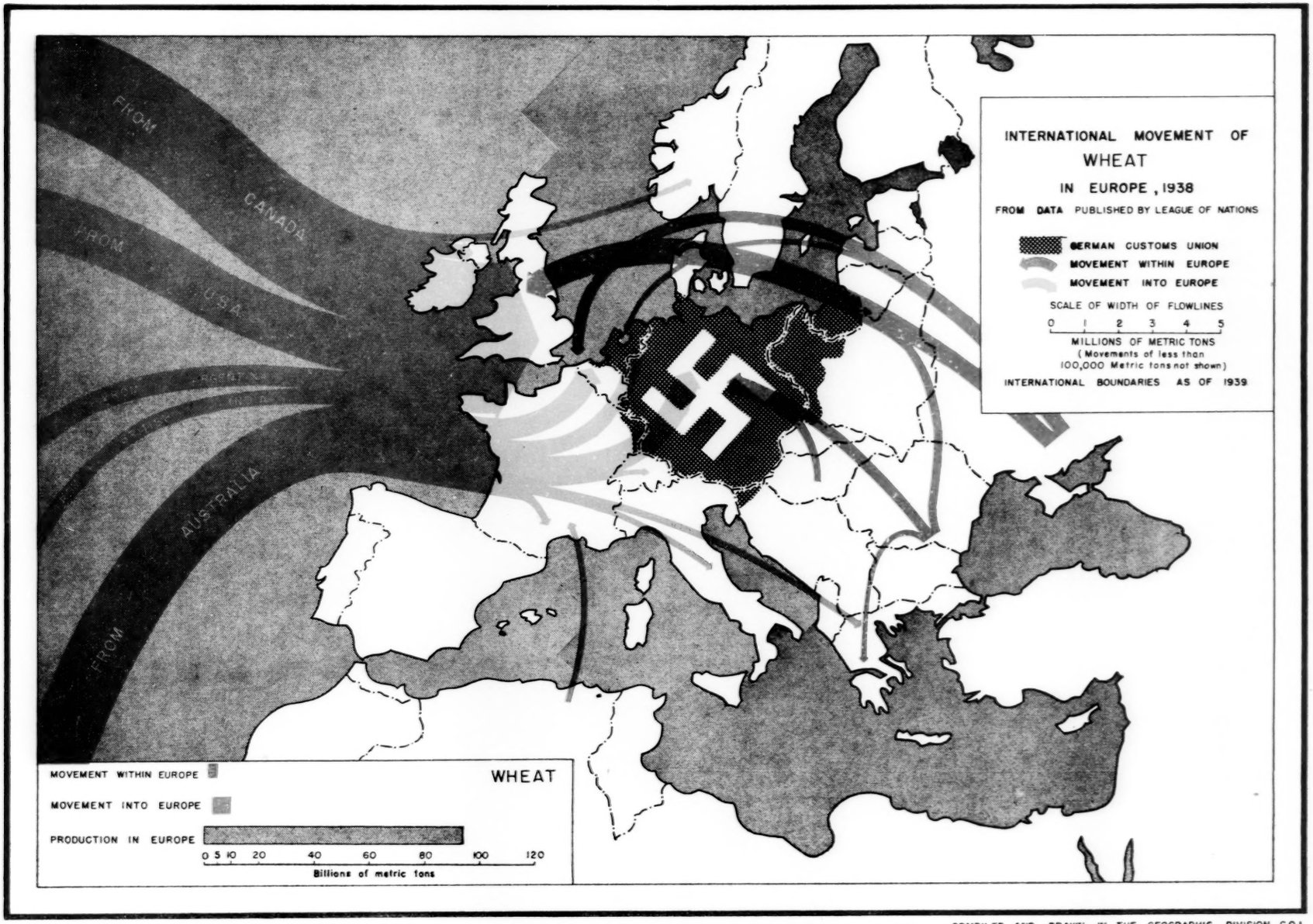

MAP NO. 294 FEB. 10, 1942.

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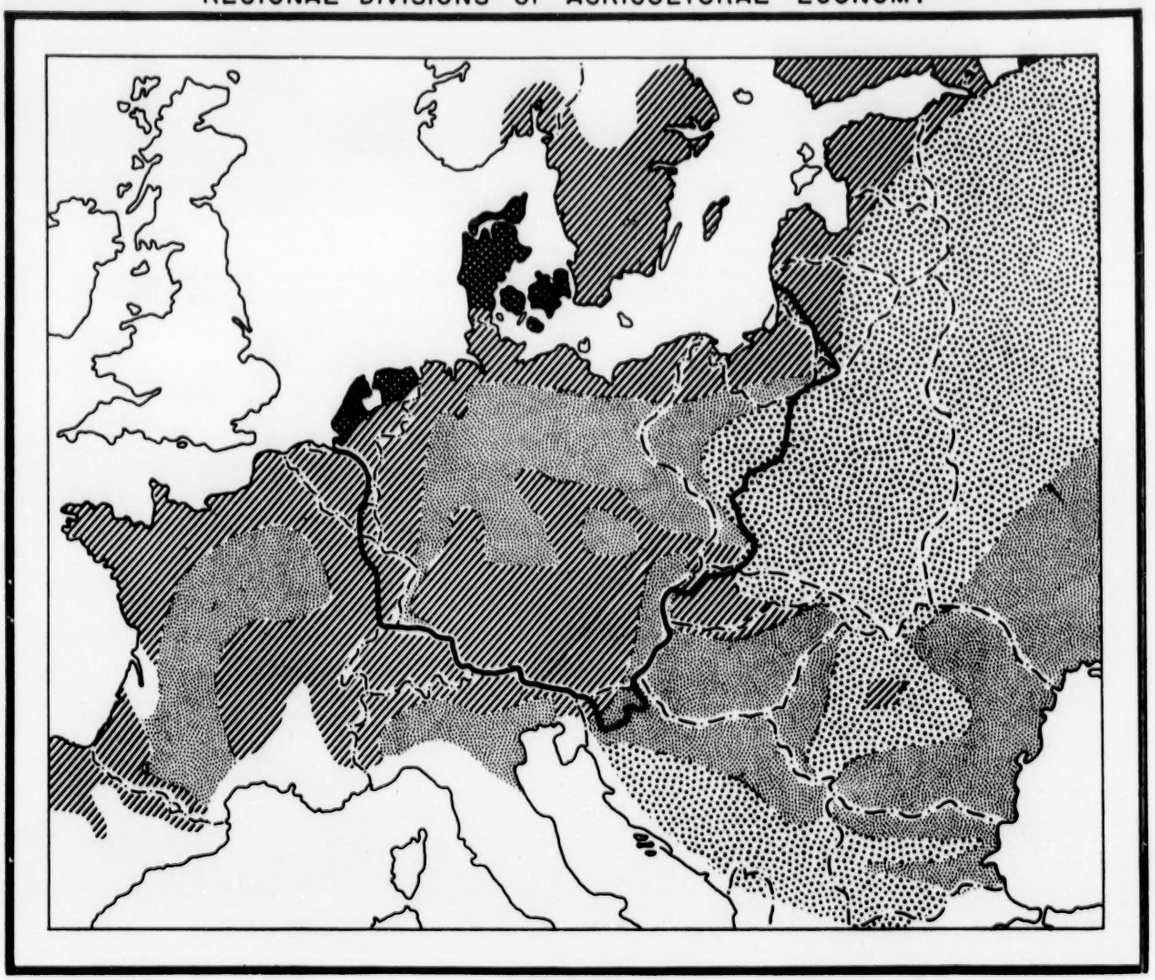
REGIONAL DIVISIONS OF AGRICULTURAL ECONOMY



Legend

REGIONS OF SURPLUS PRODUCTION

PRINCIPAL SURPLUS IS GRAIN OR ROOTCROPS

PRINCIPAL SURPLUS IS MEAT OR DAIRY PRODUCTS

Locally grown feed and forage area

Heavily dependent on imported fodder and feed

REGIONS OF LITTLE OR NO SURPLUS PRODUCTION

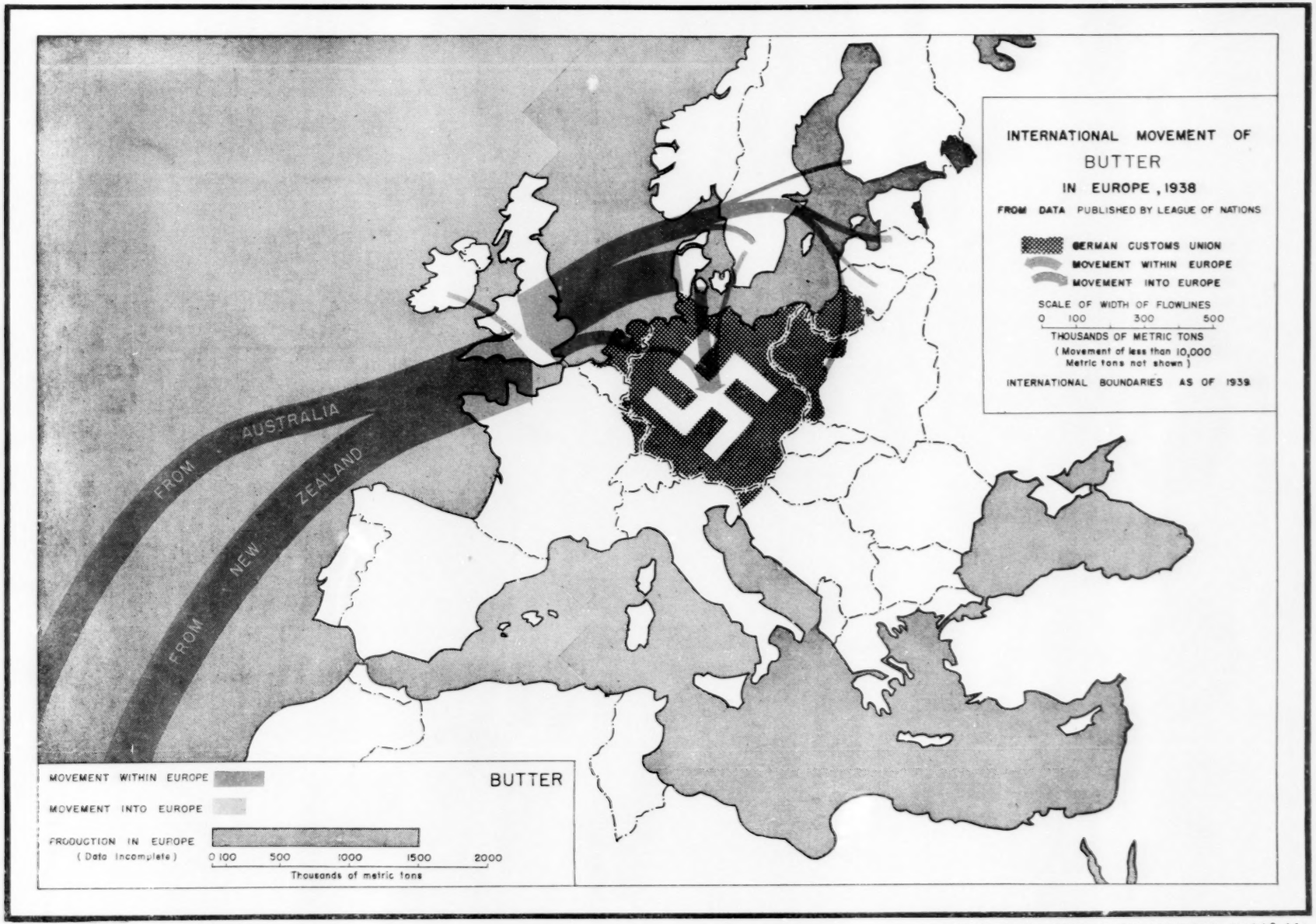
Boundary of the German Customs Union

0 200 400 600

Miles

Compiled and Drawn in the Geographic Division C.O.I.

Map No. 306 Feb. 13, 1942



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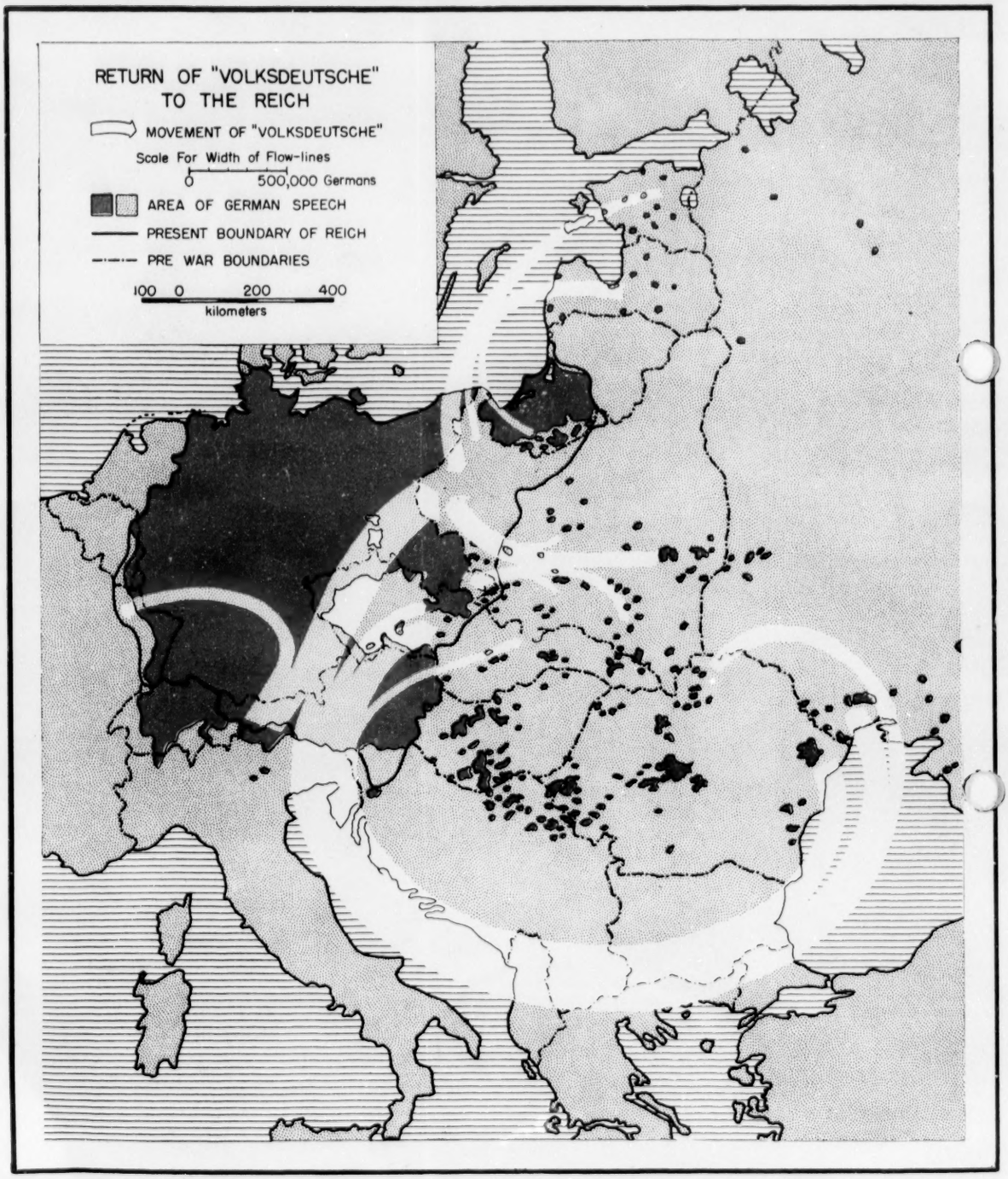

Map No. 300 February 12, 1942

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